

COUNTY OF PLACER
STATE OF CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



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KATHERINE J. MARTINIS, CPA
AUDITOR-CONTROLLER

**COUNTY OF PLACER, CALIFORNIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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COUNTY OF PLACER

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OFFICE OF AUDITOR-CONTROLLER

November 30, 2006

To the Board of Supervisors and Citizens of Placer County:

The comprehensive annual financial report (CAFR) of the County of Placer, California (County) for the fiscal year ended June 30, 2006, is hereby submitted in accordance with Section 25253 of the Government Code of the State of California. This statute requires that the County publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in conformance with auditing standards generally accepted in the United States of America by a firm of certified public accountants.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the information contained herein is complete and reliable in all material respects.

The County's financial statements have been audited by Gilbert Associates, Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's basic financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on

the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The Financial Report

The CAFR consists of three main sections:

- The Introductory Section is intended to help readers get acquainted with the County, its organizational structure, the scope of its services and the legal context.
- The Financial Section presents the basic financial statements, which include the government-wide financial statements, the fund financial statements, the notes to the basic financial statements, management's discussion and analysis, and the independent auditor's report.
- The Statistical Section presents multi-year statistics on demographic and other data of interest to the reader.

Profile of the Government

The County is located 80 miles northeast of San Francisco, and Auburn, the County seat, is located 120 miles southwest of Reno. The County encompasses over 1,431 square miles of land and water and serves a population of 316,500. There are six incorporated cities and towns located within the County: Auburn, Colfax, Lincoln, Loomis, Rocklin and Roseville. The Sierra Nevada Mountains, home to the 1960 Winter Olympics and the largest concentration of world class ski resorts in the Western United States, provide an abundance of year-round recreational and cultural opportunities to the residents of the County.

The County provides a wide range of services to its residents, including public protection services, medical and health services, public assistance programs, sanitation services, the construction and maintenance of roads and infrastructure, environmental services, parks, libraries, and a variety of other general governmental services. Every resident of the County, directly or indirectly, benefits from these services. Most services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas. A major challenge to the County in future years will be the maintenance of these services to the extent feasible within the County's financial resources.

The financial reporting entity (County of Placer) includes all the funds of the primary government (the County of Placer as legally defined), as well as all of its component units. Blended component units, although legally separate entities, are considered to be part of the primary government's operations for financial reporting purposes, as required by GAAP. The following component units

are blended: County Service Areas, Sewer Maintenance Districts, Newcastle and Penryn Lighting Districts, Redevelopment Agency of Placer County, North Lake Tahoe Public Financing Authority, Placer County Public Financing Authority, Gold Country Settlement Funding Corporation and In-Home Support Services Public Authority. The First 5 Placer Children and Families Commission is included in this report as a discretely presented component unit.

In accordance with the provisions of California Government Code Sections 29000 through 29143 inclusive, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Activities of the General Fund, Special Revenue Funds, Capital Projects and Debt Service Funds are included in the annual budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level except for capital assets, which are controlled at the line item level. The budgeted expenditures become law through the passage of an Appropriation Resolution. This Resolution constitutes the authorized spending threshold for the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. In the governmental funds, an encumbrance system is used to ensure effective budgetary control and to enhance cash planning and control. Encumbrances outstanding at June 30 are reported as reservations of fund balance.

Factors Affecting Financial Condition

Placer County Economy: The County continues to be one of the fastest growing counties in California. There are indications that the rate of growth is beginning to slow but County management expects it to remain positive. The following highlights are evidence of the County's relative economic prosperity:

- The County's unemployment rate decreased from 4.2% to 4.1%.
- Over 2,500 jobs were created in the County in FY 05-06.
- Per capita income is over \$39,000. Placer County ranked 10th in the State.
- Retail sales increased 5% to \$6.6 billion.
- Assessed values of residential real property increased 16% to \$36.7 billion. Assessed values for non-residential real property increased 10% to \$8.4 billion.
- The County has the lowest percentage of persons below the poverty level in the State.
- The County's rapid growth is expected to continue into the next decade. The population is expected to be over 364,000 by 2010, an increase of 15% over the current population.

State Government: The County is a political subdivision of the State of California and as such, its government is subject to State subventions and regulations. Therefore, the County's financial health is tied closely to the financial condition of the State government. The County cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The County also cannot predict the impact future budgets will have on the County's finances and operations. Current

and future State budgets will be affected by national and State economic conditions and other factors outside the County's control.

Intergovernmental revenues account for nearly half (41%) of all governmental funds' revenue. Reductions of revenues as a result of a state deficit could have a significant impact on the County.

Long-term Financial Plans:

The County's single most significant source of discretionary revenue, secured property taxes, grew by 13% in FY 05-06. Secured property taxes are projected to continue to be strong in FY 06-07. However, a slowdown in 2006 new construction activity, increased interest rates and a decline in residential resale activity indicates that next year's assessment roll increase will return to a more modest level.

The County is committed to building a strategic reserve equal to 5% of the annual operating budget, which in FY 06-07 would be \$17.7 million. This reserve would be used to maintain services during a slow economy when the County's revenues have declined or during an emergency. As of June 30, 2006, the County has set aside \$16.2 million.

Each year, the County designates an amount equal to the annual depreciation expense. Accumulated funds are to be used in accordance with the long-term Capital Financing Plan for facility replacement and construction. As of June 30, 2006, \$18 million has been designated. Significant projects expected nearing completion in FY 05-06 include construction of the South Placer Criminal Justice Center, the Auburn Justice Center and the Land Development Building. Projects to be undertaken in FY 06-07 include the Children's Emergency Shelter, Burton Creek Justice Center and Colfax Library.

Land development and the resulting population growth continue at unprecedented levels. This growth takes place amidst county efforts to achieve a balance between development and environmental concerns. The Community Development/Resource Agency (CDRA) was formed in March 2005 with the intent to improve processes and functions related to land development. In FY 05-06, the County continued to refine CDRA to provide a coordinated response to all development projects, improve environmental coordination and tracking, and promote process improvement.

Cash Management Policies and Procedures

Except for amounts held with trustees under bond indenture or other restrictive agreements, the County's cash and investments are invested by the County Treasurer. The Treasury Oversight Committee has regulatory oversight for all monies deposited in the Treasury Pool. Such amounts are invested in accordance with investment policy guidelines established by the County Treasurer and reviewed by the Board. The objectives of the policy are, in order of priority, safety of principal, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

Risk Management

The County is self-insured for unemployment, general liability, worker's compensation, and certain employee health coverages. The County records estimated liabilities for such claims filed or expected to be filed for incidents that have occurred. The self-insured amounts for all types of losses except unemployment and dental and vision coverage are supplemented with insurance policies (refer to Note 12). County officials believe that assets of the Self Insurance Internal Service Fund, together with funds to be provided in the future, will be adequate to meet all of the claims related to these liabilities as they come due.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of Placer for its CAFR for the fiscal year ended June 30, 2005. This is the fifth consecutive year that the County received this award. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are applying for the Certificate again this year.

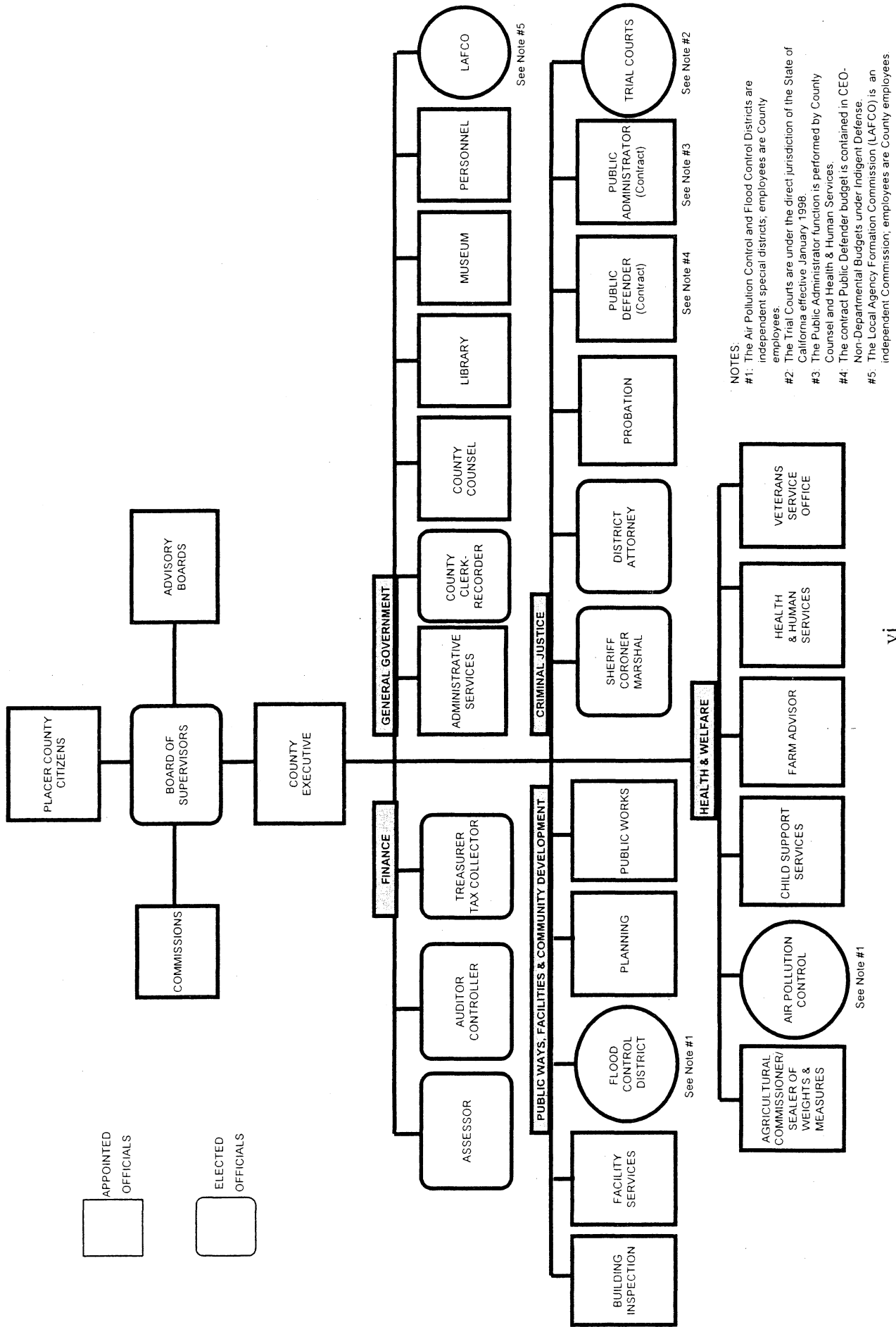
The preparation of the CAFR and its timely issuance is the result of a concentrated and dedicated effort by the entire Auditor-Controller staff. I am especially grateful to the members of my staff for their special efforts, particularly Kevin Starkey and Sandra Bozzo. In addition, I would like to thank the Board of Supervisors and the County Executive for their leadership and actions that ensure the general fiscal health and integrity of the County.

Respectfully submitted,



Katherine J. Martinis, CPA
Auditor-Controller

PLACER COUNTY ORGANIZATION CHART



**PLACER COUNTY OFFICIALS
GOVERNING BODY**

ELECTED

BOARD OF SUPERVISORS

Bill Santucci	Supervisory District 1
Robert M. Weygandt	Supervisory District 2
Jim Holmes	Supervisory District 3
Edward “Ted” M. Gaines	Supervisory District 4
Bruce Kranz	Supervisory District 5

Assessor	Bruce Dear
Auditor-Controller	Katherine Martinis
County Clerk-Recorder-Registrar of Voters	James McCauley
District Attorney	Brad Fenocchio
Sheriff-Coroner-Marshall	Ed Bonner
Treasurer/Tax Collector	Jenine Windeshausen

**PLACER COUNTY OFFICIALS
GOVERNING BODY**

APPOINTED

Administrative Services Director	Clark Moots
Agricultural Commissioner/Sealer of Weights & Measures	Christine E. Turner
Air Pollution Control Officer	Thomas Christofk
Chief Building Official	Robert Martino
Child Support Services	Pamela McManis
Community Development Resource Agency	John Marin
County Counsel	Anthony LaBouff
County Executive Officer	Thomas Miller
Facility Services Director	James Durfee
Farm Advisor	Sharon Junge
Health & Human Services Director	Dr. Richard Burton
Library Services Director	Mark Parker
Personnel Director	Nancy Nittler
Planning Director	Michael Johnson
Probation Officer	Stephen Pecor
Public Works Director/Road Commissioner	Ken Grehm
Veterans Service Officer	Richard Buckman

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Placer
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Enen

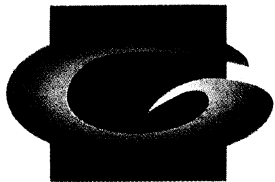
Executive Director



FINANCIAL SECTION



FINANCIAL SECTION



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Grand Jury and Board of Supervisors
of the County of Placer
Auburn, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Placer, California (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Placer as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**To the Grand Jury and Board of Supervisors
of the County of Placer
Auburn, California**

The Management's Discussion and Analysis, the schedules of funding progress and the budgetary comparison information listed as required supplementary information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California
November 29, 2006**

**COUNTY OF PLACER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

This section of the County of Placer's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2006. It should be read in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close FY 2005-06 by \$719,599 (*net assets*). Of the net assets amount, \$307,048 in *unrestricted net assets* is available to meet ongoing obligations to citizens and creditors, \$65,451 in *restricted net assets* must be used only for specific purposes and \$347,100 is *invested in capital assets, net of related debt*.
- The County's total net assets increased by \$88,509. The increase is due to County growth as reflected by increases in all forms of taxes, operating grants and contributions, investment earnings, and an increase in charges for services due to growth and development.
- As of June 30, 2006, the County governmental funds reported combined fund balances of \$365,660 an increase of \$41,031 in comparison with the prior year. Approximately 89.5 percent of the combined fund balances, or \$327,199 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund, the county's largest fund, was \$125,811 or 57.8 percent of total General Fund expenditures. However, this entire amount has been budgeted either for expenditure in FY 2006-07 or is designated for future uses, although there is usually increased carryover fund balance each year from budget savings or revenues in excess of budget.
- The County's total long-term debt increased by \$10,873 or 9.5% in comparison with the prior year. Loans payable accounted for a \$16,528 increase in long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis in this section are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) **government-wide** financial statements, (2) **fund** financial statements, and (3) **notes** to the basic financial statements. **Required supplementary information** is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the County finances, using accounting methods similar to those of a private-sector business. These statements provide both long-term and short-term information about the County's overall financial status. The government-wide financial statements can be found on pages 15-17 of this report.

The *Statement of Net Assets* presents information on all the County's assets and liabilities as of the end of the fiscal year, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information on how net assets changed during the fiscal year, with revenues and expenses by major type or function. Revenues and expenses are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes, intergovernmental and program revenues (*governmental activities*) from other functions that are intended to recover most or all of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public assistance, health and sanitation, public ways and facilities, recreation and cultural services, and education. The business-type activities of the County include facilities management, public transit and waste disposal.

Blended component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are the Redevelopment Agency of Placer County, the North Lake Tahoe Public Financing Authority, the Gold Country Settlement Funding Corporation, the Placer County Public Finance Authority, the In-Home Support Services Public Authority and numerous County Service Areas and Special Districts governed by the Board of Supervisors. The First 5 Placer Children and Families Commission is reported as a *discretely presented component unit* because the governing body is not substantially the same as the County Board of Supervisors. For further information concerning the County component units, refer to the separately issued financial statements, which are available from the Office of the Auditor-Controller upon request.

Fund financial statements are the more familiar groupings of related accounts that are used to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state or federal law or by debt covenants. All of the County's funds can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term financial resources, such as cash, that (1) have been spent on governmental programs during the fiscal year and (2) that will be available for financing such programs in the near future. The governmental funds financial statements are presented by major fund and for nonmajor funds in the aggregate on pages 18-23 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Public Safety Fund, Road Fund, Capital Improvements Fund and Public Facilities Fees Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary funds are of two types: enterprise funds and internal service funds. These funds provide services that are usually supported in total or in major part by customer fees and charges. The proprietary funds financial statements can be found on pages 24-27 of this report.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As noted previously, the County uses enterprise funds to account for Transit, Facilities, County Service Areas and Sewer Maintenance Districts.

Internal service funds are an accounting device used to accumulate and allocate costs for services to the County's various functions. The County uses internal service funds to account for its telecommunications operations, workers' compensation and risk management, employee dental and vision and unemployment insurance programs, fleet services operations and maintenance, special district's administration and operations, correction's food services and countywide technology development and maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included primarily within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All of the County's enterprise funds are considered to be major enterprise funds. The County's three internal service funds are also combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, except for agency funds, which have more limited accounting and financial statements because of their purely custodial character. The fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 30-67 of this report.

Required Supplementary Information is presented concerning budgetary comparison schedules for the General Fund and major Special Revenue Funds, as well as the schedules of funding progress. Required supplementary information can be found on pages 68-73 of this report.

Immediately following the required supplementary information, the combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, internal service funds, and agency funds. The combining and individual fund statements and schedules can be found on pages 74-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, net assets (assets in excess of liabilities) were \$719,599 as of June 30, 2006, the close of the County's fiscal year.

Condensed Statement of Net Assets June 30, 2005 (in thousands)

	Governmental Activities		Business-type Activities		Total		
	2006	2005	2006	2005	2006	2005	(%) Change
Assets:							
Current and other assets	\$ 478,414	\$ 420,343	\$ 45,563	\$ 42,449	\$ 523,977	\$ 462,792	13.2%
Capital assets, net	282,816	238,419	88,365	91,207	371,181	329,626	12.6%
Total assets	<u>761,230</u>	<u>658,762</u>	<u>133,928</u>	<u>133,656</u>	<u>895,158</u>	<u>792,418</u>	<u>13.0%</u>
Liabilities:							
Current and other liabilities	48,739	61,702	1,552	3,932	50,291	65,634	-23.4%
Noncurrent liabilities	117,823	94,436	7,445	7,642	125,268	102,078	22.7%
Total liabilities	<u>166,562</u>	<u>156,138</u>	<u>8,997</u>	<u>11,574</u>	<u>175,559</u>	<u>167,712</u>	<u>4.7%</u>
Net Assets:							
Invested in capital assets, net of related debt	261,048	211,898	86,052	88,425	347,100	300,323	15.6%
Restricted	65,451	40,599	-	-	65,451	40,599	61.2%
Unrestricted	268,169	250,126	38,879	33,658	307,048	283,784	8.2%
Total net assets	<u>\$ 594,668</u>	<u>\$ 502,623</u>	<u>\$ 124,931</u>	<u>\$ 122,083</u>	<u>\$ 719,599</u>	<u>\$ 624,706</u>	<u>15.2%</u>

The largest portion of the County's net assets of \$347,100 (48.2 percent) reflects its investment in *capital assets* (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as tax revenues, since the capital assets themselves cannot be used to liquidate these liabilities. Another significant portion of the County's net assets (42.7 percent) represents *unrestricted net assets* of \$307,048, which may be used to meet the County's ongoing obligations to citizens and creditors. The remaining balance of the County's net assets of \$65,451 (9.1 percent) represents resources that are subject to external restrictions on how they may be used.

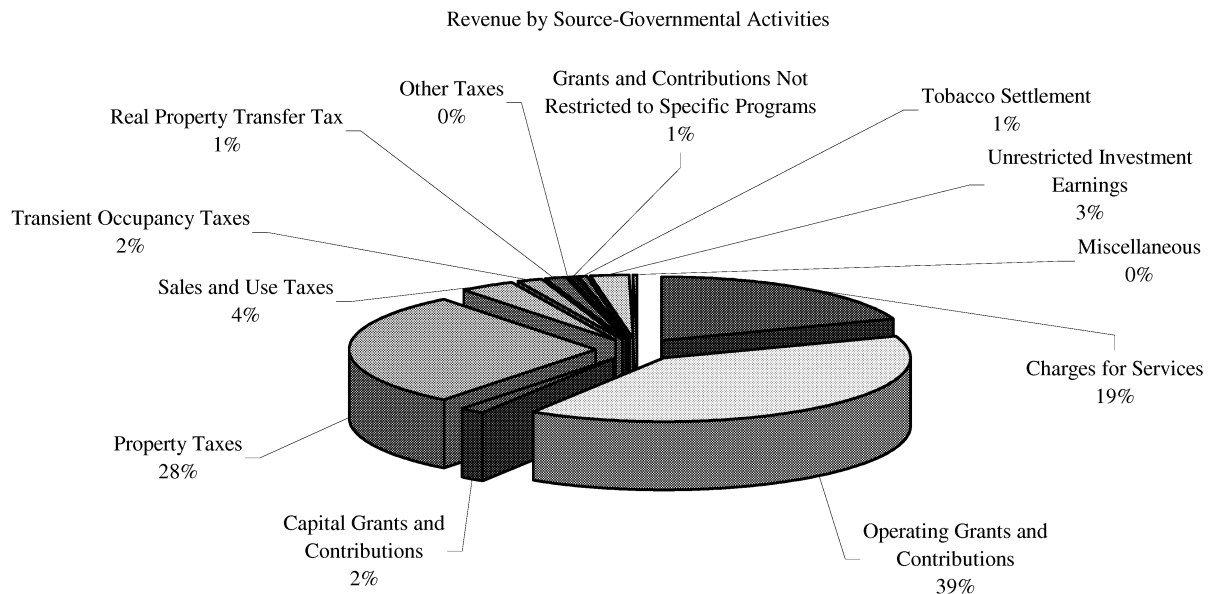
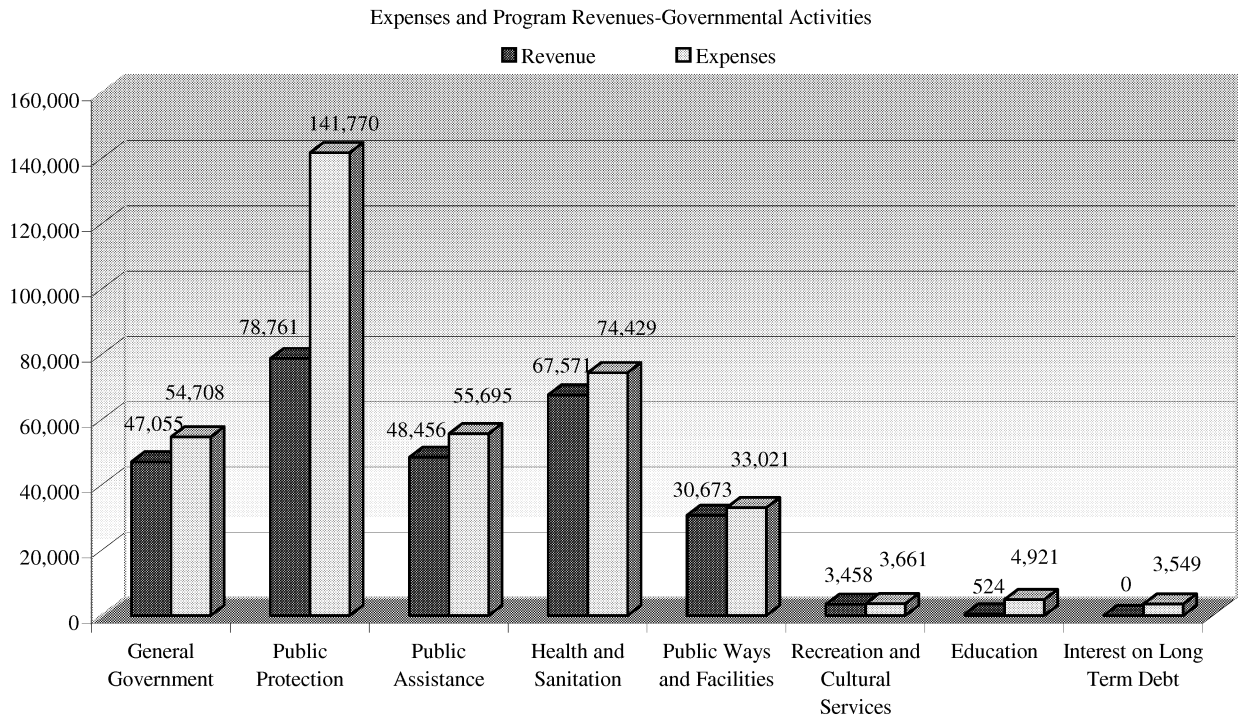
At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities.

The County's total net assets increased by \$88,509. The following table indicates the changes in net assets for governmental and business-type activities:

Condensed Statement of Activities
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

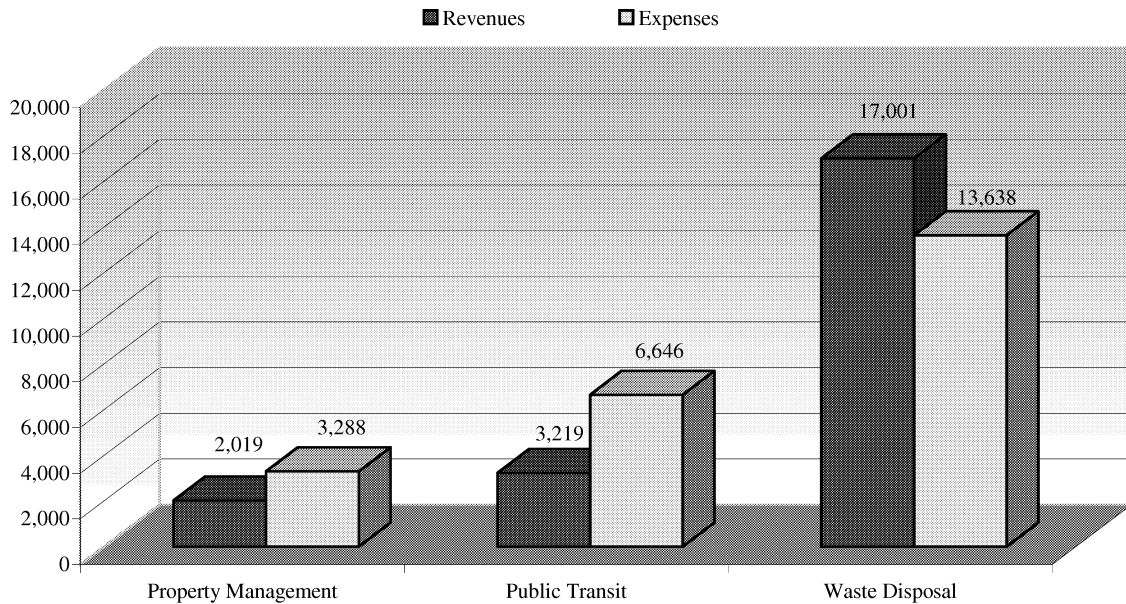
	Governmental Activities		Business-type Activities		Total		(%) Change
	2006	2005	2006	2005	2006	2005	
Revenues:							
Program revenues:							
Charges for services	\$ 88,397	\$ 79,303	\$ 19,589	\$ 18,466	\$ 107,986	\$ 97,769	10.5%
Operating grants and contributions	181,186	174,839	2,479	9,078	183,665	183,917	-0.1%
Capital grants and contributions	6,915	19,414	171	3,922	7,086	23,336	-69.6%
General revenues:							
Property taxes	131,931	89,912	52	36	131,983	89,948	46.7%
Sales and use taxes	16,788	15,816	3,410	2,506	20,198	18,322	10.2%
Transient occupancy taxes	7,770	8,069	-	-	7,770	8,069	-3.7%
Real property transfer tax	5,824	6,693	-	-	5,824	6,693	-13.0%
Other taxes	112	89	-	-	112	89	25.8%
Grants and contributions not restricted to specific programs	2,660	458	-	-	2,660	458	480.8%
Tobacco settlement	3,044	2,882	-	-	3,044	2,882	5.6%
Unrestricted investment earnings	11,555	8,077	1,095	799	12,650	8,876	42.5%
Miscellaneous	857	1,838	-	-	857	1,838	-53.4%
Total revenues	<u>457,039</u>	<u>407,390</u>	<u>26,796</u>	<u>34,807</u>	<u>483,835</u>	<u>442,197</u>	<u>9.4%</u>
Expenses:							
General government	54,708	60,941	-	-	54,708	60,941	-10.2%
Public protection	141,770	121,450	-	-	141,770	121,450	16.7%
Public assistance	55,695	49,378	-	-	55,695	49,378	12.8%
Health and sanitation	74,429	60,182	-	-	74,429	60,182	23.7%
Public ways and facilities	33,021	35,566	-	-	33,021	35,566	-7.2%
Recreation and cultural services	3,661	409	-	-	3,661	409	795.1%
Education	4,921	4,632	-	-	4,921	4,632	6.2%
Interest on long-term debt	3,549	3,721	-	-	3,549	3,721	-4.6%
Community health clinics	-	-	-	9,530	-	9,530	-100.0%
Property management	-	-	3,288	2,367	3,288	2,367	38.9%
Public transit	-	-	6,646	6,154	6,646	6,154	8.0%
Waste disposal	-	-	13,638	13,042	13,638	13,042	4.6%
Total expenses	<u>371,754</u>	<u>336,279</u>	<u>23,572</u>	<u>31,093</u>	<u>395,326</u>	<u>367,372</u>	<u>7.6%</u>
Increase in net assets before transfers	85,285	71,111	3,224	3,714	88,509	74,825	18.3%
Transfers	284	(3,869)	(284)	3,869	-	-	0.0%
Change in net assets	85,569	67,242	2,940	7,583	88,509	74,825	18.3%
Net assets, beginning of year, restated	509,099	435,380	121,991	114,501	631,090	549,881	14.8%
Net assets, end of year	<u>\$ 594,668</u>	<u>\$ 502,622</u>	<u>\$ 124,931</u>	<u>\$ 122,084</u>	<u>\$ 719,599</u>	<u>\$ 624,706</u>	<u>15.2%</u>

Governmental activities increased the County's net assets by \$85,569 thereby accounting for most of the increase in net assets of the County. The increase is due to County growth as reflected by increases in all forms of taxes, operating grants and contributions, investment earnings, and an increase in charges for services due to growth and development.

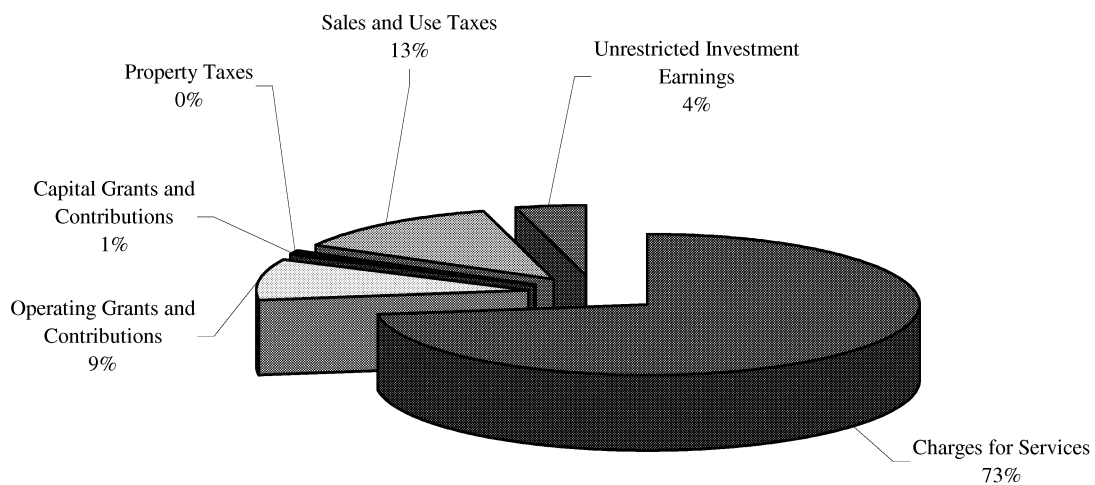


Business-type activities increased the County's net assets by \$2,940. The key factors that contributed to this change were increases in sales taxes, investment earnings, and charges for services due to growth and development. Also, the community health clinics business-type activity was converted to a governmental activity at the start of the fiscal year ended June 30, 2006. Accordingly, operating grants and contributions and associated community health clinic expenses decreased by approximately \$6,600 and \$9,530, respectively.

Expenses and Program Revenues-Business Type Activities



Revenue by Source-Business-Type Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The County's general government functions are contained in the General, Special Revenue, Capital Projects, Debt Service, and Permanent Funds. Also included in these funds are the special districts governed by the Board of Supervisors. As noted previously, the focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's more immediate financing requirements.

In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2006, the County's governmental funds reported combined fund balances of \$365,660, an increase of \$41,031 in comparison with the prior year. Approximately 89.5 percent of the combined fund balances, or \$327,199, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved indicating that it is not available for new spending because it has been committed: (1) to pay debt service; (2) to reflect inventories, notes receivables, prepaid items, imprest cash, and amounts advanced to other funds that are long-term in nature and thus do not represent available spendable resources; and (3) to liquidate contractual commitments of the period.

The General Fund is the chief operating fund of the County. At June 30, 2006, unreserved fund balance of the General Fund was \$125,811, while total fund balance reached \$134,101. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represented 57.9 percent of total fund expenditures, while total fund balance represented 61.7 percent of that same amount. Fund balance of the County's General Fund increased by \$13,488 during the current fiscal year. The key factors to this change were increases in all forms of taxes and charges for services revenues and a stabilization of the County's workforce leading directly to cost savings.

The remaining major funds and other governmental funds' balances increased by \$27,543 to \$231,559. The key factors in this increase is (1) a \$17,794 change in fund balance in the Road and Public Facilities Fees Funds that will be used to fund and complete our 3 major construction projects, (2) a \$4,921 decrease in the Capital Improvements Fund as a result of current year construction, and (3) a \$14,843 increase in Other Governmental Funds to complete our 3 major construction projects and for planned projects in the County redevelopment areas.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source (amounts expressed in thousands)							
Revenues by Source	2006		2005		Increase (Decrease)		
	Amount	% of Total	Amount	% of Total	Amount	% of Change	
Taxes	\$ 162,425	36.44%	\$ 118,407	29.69%	\$ 44,018	37.18%	
Licenses and permits	8,112	1.82%	8,469	2.12%	(357)	-4.22%	
Fines, forfeitures and penalties	11,042	2.48%	11,857	2.97%	(815)	-6.87%	
Use of money and property	10,428	2.34%	7,475	1.87%	2,953	39.51%	
Intergovernmental	183,632	41.19%	188,685	47.29%	(5,053)	-2.68%	
Charges for services	64,963	14.56%	59,157	14.83%	5,806	9.81%	
Contributions and donations	1,022	0.23%	364	0.09%	658	180.77%	
Tobacco settlement	2,481	0.56%	2,700	0.68%	(219)	-8.11%	
Miscellaneous revenues	1,672	0.38%	1,854	0.46%	(182)	-9.82%	
Total	<u>\$ 445,777</u>	<u>100.00%</u>	<u>\$ 398,968</u>	<u>100.00%</u>	<u>\$ 46,809</u>	<u>11.73%</u>	

- *Taxes increased by \$44 million or 37.2%.* This increase is a result of the strong local real estate market as the County remains one of the fastest-growing counties in California. In addition, approximately \$25 million was recorded in the current year as taxes revenue due to a property tax/motor vehicle in-lieu (MVIL) car tax shift as required by State statute. In FY04/05, the State cut the MVIL car tax for the benefit of the State taxpayers. To compensate, the State “swapped” property tax revenue (\$20 million in FY04/05) previously distributed in the County for education funding by shifting such revenue from education to the County.
- *Intergovernmental increased \$20.0 million* (once you remove the property tax/MVIL car tax shift mentioned above) as a result of new state and federal funding of County programs.
- *Use of money and property increased \$2.9 million or 39.5%.* This increase is due to an annual interest yield increase from a low of 1.85 % to a high of 4.43%. In addition, the average monthly balance of the General Fund in the Treasury increased about 12%. The total investment portfolio is now over \$1 billion.
- *Charges for services increased \$5.8 million or 9.8%.* This increase is due to increases in charges for special assessments, planning and engineering services, election services, recording fees and institution care.

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year displayed.

Expenditures by Function (amounts expressed in thousands)						
	2006		2005		Increase (Decrease)	
Expenditures by Function	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 54,552	12.94%	\$ 55,713	15.31%	\$ (1,161)	-2.08%
Public protection	141,926	33.70%	119,945	32.97%	21,981	18.33%
Public assistance	55,842	13.26%	49,378	13.58%	6,464	13.09%
Health and sanitation	74,929	17.79%	60,094	16.52%	14,835	24.69%
Public ways and facilities	29,121	6.91%	27,268	7.50%	1,853	6.80%
Recreation and cultural services	3,638	0.86%	338	0.09%	3,300	976.33%
Education	4,879	1.16%	4,520	1.24%	359	7.94%
Capital outlay	48,207	11.45%	39,842	10.96%	8,365	21.00%
Principal paid on long-term debt	1,372	0.33%	2,820	0.79%	(1,448)	-51.35%
Interest and fiscal charges	3,712	0.88%	3,767	1.04%	(55)	-1.46%
Bond issuance costs	1,876	0.45%	-	0.00%	1,876	0.00%
Payment to refunded bond escrow agent	1,089	0.26%	-	0.00%	1,089	0.00%
Total	\$ 421,143	99.99%	\$ 363,685	100.00%	\$ 57,458	15.80%

- *Public protection* expenditures increased \$21,981 or 18.3%. This increase is mostly due to salaries and benefits, purchases of equipment, general liability insurance, and costs associated with countywide cost allocation.
- *Public assistance* expenditures increased \$6,464 or 13.1% from the prior year as a result of increases in salaries and benefits and a substantial Case Load Growth.
- *Health and sanitation* expenditures increased \$14,835 or 24.7%. This increase is due to more intensive and costly alcohol, drug and residential services, new West Nile and Waste Tire Programs, opening of new school based day treatment site, and higher outpatient network provider contracts. In addition, Community Clinics expenditures were being reported in the General Fund for the first time.
- *Capital outlay* expenditures increased \$8,365 or 21.0%. This increase was due to telecommunication costs and payments on construction contracts for the Auburn Justice Center and Land Development Building as they neared completion.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the enterprise funds increased \$2,940 to \$124,931. The key factors that contributed to this change were increases in sales taxes, investment earnings, and charges for services due to growth and development. The internal service funds net assets increased by \$13,093 to \$36,265.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for the fiscal year ended June 30, 2006 resulted in an \$11,655 increase in appropriations. Mid-year budget changes were made to the Public Assistance appropriation to incorporate the state/federal/county share of the In-Home Supportive Services Program provider salaries and benefits. In addition, mid-year budget additions were made to the Health Services appropriation to fund new state and federal programs. The difference between the final amended budget and actual expenditures for the fiscal year ended June 30, 2006 was \$40,156 and can be briefly summarized as follows:

- \$22,171 under-budget in general government expenditures due to a stabilization of the County's workforce, departmental cost savings and contingencies.
- \$9,597 and \$4,393 under-budget in public protection and health and sanitation expenditures, respectively, due to a stabilization of the County's workforce, the creation of the Community Development Resource Agency, and departmental cost savings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to \$371,181 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment and construction in progress. The total increase in the County's investment in capital assets for the current period was 12.6 percent.

Major capital asset events during the current fiscal year included the following:

- \$6.5 million increase in equipment as a result of adding fire equipment due to the consolidation of Placer Consolidated Fire into the County's operations, equipment for the Radio Network project, and additional vehicles purchased through our capital lease financing program.
- \$38.1 million increase in construction in progress mainly due to the continuation of three major capital projects: South Placer Criminal Justice Facility, Auburn Justice Center and the Community Development Resource Center. In addition, the Redevelopment Agency has started two parking lot projects in North Lake Tahoe.

The following table presents a summary of the County's capital assets at June 30, 2006.

Capital Assets
June 30, 2006
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total		
	2006	2005	2006	2005	2006	2005	% of change
Land	\$ 40,789	\$ 38,083	\$ 1,398	\$ 1,398	\$ 42,187	\$ 39,481	6.85%
Construction in progress	88,910	48,827	221	1,206	89,131	50,033	78.14%
Structures and improvements	90,077	85,875	47,348	46,797	137,425	132,672	3.58%
Equipment	51,896	44,901	8,645	9,091	60,541	53,992	12.13%
Infrastructure	205,667	204,596	87,351	86,812	293,018	291,408	0.55%
Less: Accumulated depreciation	(194,523)	(183,863)	(56,598)	(54,096)	(251,121)	(237,959)	5.53%
Total	<u>\$ 282,816</u>	<u>\$ 238,419</u>	<u>\$ 88,365</u>	<u>\$ 91,208</u>	<u>\$ 371,181</u>	<u>\$ 329,627</u>	<u>12.61%</u>

More detailed information about the County's capital assets is presented in Note 4 in the basic financial statements.

Long-term debt

At June 30, 2006, the County had total long-term debt outstanding of \$125,268. This amount is comprised of \$57,882 in loans payable, \$22,523 of certificates of participation, \$12,841 of compensated absences, \$2,023 of sewer and water and lease revenue bonds, \$23,698 of self-insurance liability, \$4,819 of landfill post closure liability and \$1,482 of capital leases payable.

During the fiscal year ended June 30, 2006, total long-term debt increased 9.5% as a result of the Gold Country Settlement Funding Corporation borrowing additional funds of approximately \$15.0 million from the Securitization Agency.

The following table represents a summary of the County long-term debt as of June 30, 2006.

Outstanding Long-Term Debt
June, 30 2006
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total		
	2006	2005	2006	2005	2006	2005	% of change
Revenue bonds	\$ -	\$ -	\$ 2,023	\$ 2,314	\$ 2,023	\$ 2,314	-12.58%
Capital leases	1,192	1,063	290	468	1,482	1,531	-3.20%
Certificates of participation	22,523	24,060	-	-	22,523	24,060	-6.39%
Loans payable	57,882	41,354	-	-	57,882	41,354	39.97%
Self insurance	23,698	27,629	-	-	23,698	27,629	-14.23%
Landfill postclosure liability	-	-	4,819	4,944	4,819	4,944	-2.53%
Compensated absences	12,528	12,017	313	546	12,841	12,563	2.21%
Total	<u>\$ 117,823</u>	<u>\$ 106,123</u>	<u>\$ 7,445</u>	<u>\$ 8,272</u>	<u>\$ 125,268</u>	<u>\$ 114,395</u>	<u>9.50%</u>

More detailed information about the County's long-term debt is presented in Notes 7 and 8 in the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to the State's continuing budget deficits and resulting risk of significant revenue reductions, the following County budget goals were adopted in preparing the County's balanced budget for fiscal year 2006-2007:

- ❖ To maintain critical operations, programs and service levels within funding constraints.
- ❖ Continue with planned for and previously funded facility infrastructure projects.
- ❖ To maintain, where possible, adequate contingencies and reserve levels.

In addition to the above, these factors were also considered:

- ❖ The fiscal year 2006-2007 budget maintains baseline services and funds high priority projects such as the road overlay program, capital construction projects, equipment and fleet replacement, and funding for open space acquisitions and maintenance. The FY2006-07 budget includes an increase of \$37 million or 6% from the prior years adopted budget.
- ❖ Salary and benefit costs in the County's operating funds have increased approximately \$23.9 million from the prior year budget. In addition to expected salary adjustments for labor contract provisions and merit step increases, the cost for employee medical, dental and vision insurance coverage continues to rise at a phenomenal rate, as well as contributions to the employee retirement system.
- ❖ New labor agreements with the County's two labor organizations will impact future budgets. In addition, the Board will be reviewing the compensation and benefits package of County managers and confidential employees that may also impact future budgets.
- ❖ Pension and health care reform dominate the State legislative process. The County, in preparation for GASB Statement No. 45, has actuarially determined our other post employment benefits (OPEB) liability to be approximately \$328 million. The Board of Supervisors has designated \$20 million to help fund our future OPEB contributions. In addition, County departments will be charged a percentage of funds based on salaries to fund future OPEB contributions.
- ❖ The Board of Supervisors has approved a \$563 million Capital Facilities Financing Plan over the next decade, including completion of the Auburn Justice Center and Community Development Resource Center, Phase I of the South Placer Criminal Justice Center (new courthouse and jail), Children's Emergency Center, Burton Creek Justice Center, Colfax Library and major infrastructure improvements in North Lake Tahoe.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional information should be addressed to County of Placer, Office of Auditor-Controller, 2970 Richardson Drive, Auburn, CA 95603.

County of Placer, California

**Statement of Net Assets
June 30, 2006
(amounts expressed in thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
Assets				
Cash and investments	\$ 401,855	\$ 43,334	\$ 445,189	\$ 8,934
Receivables (net)	52,477	2,234	54,711	656
Internal balances	768	(768)	-	-
Due from external parties	6,638	-	6,638	-
Other assets	4,382	103	4,485	-
Restricted cash and investments	12,294	660	12,954	-
Capital assets:				
Nondepreciable	129,699	1,619	131,318	-
Depreciable, net	153,117	86,746	239,863	-
Total assets	<u>761,230</u>	<u>133,928</u>	<u>895,158</u>	<u>9,590</u>
Liabilities				
Payables	35,060	1,452	36,512	566
Accrued interest	378	24	402	-
Unearned revenue	13,301	76	13,377	-
Noncurrent liabilities:				
Due within one year	11,204	580	11,784	-
Due in more than one year	106,619	6,865	113,484	-
Total liabilities	<u>166,562</u>	<u>8,997</u>	<u>175,559</u>	<u>566</u>
Net Assets				
Invested in capital assets, net of related debt	261,048	86,052	347,100	-
Restricted for:				
Debt service	9,458	-	9,458	-
Grantors	7,128	-	7,128	84
Donors	913	-	913	-
State mandate/enabling legislation	47,932	-	47,932	-
Perpetual care, nonexpendable	20	-	20	-
Unrestricted	268,169	38,879	307,048	8,940
Total net assets	<u>\$ 594,668</u>	<u>\$ 124,931</u>	<u>\$ 719,599</u>	<u>\$ 9,024</u>

The notes to the financial statements are an integral part of this statement.

County of Placer, California

Statement of Activities For the Fiscal Year Ended June 30, 2006 (amounts expressed in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 54,708	\$ 46,652	\$ 103	\$ 300
Public protection	141,770	22,405	52,749	3,607
Public assistance	55,695	116	48,340	-
Health and sanitation	74,429	5,307	62,264	-
Public ways and facilities	33,021	10,161	17,504	3,008
Recreation and cultural services	3,661	3,458	-	-
Education	4,921	298	226	-
Interest on long-term debt	3,549	-	-	-
Total governmental activities	<u>371,754</u>	<u>88,397</u>	<u>181,186</u>	<u>6,915</u>
Business-type activities:				
Property management	3,288	2,019	-	-
Public transit	6,646	770	2,449	-
Waste disposal	13,638	16,800	30	171
Total business-type activities	<u>23,572</u>	<u>19,589</u>	<u>2,479</u>	<u>171</u>
Total primary government	<u>\$ 395,326</u>	<u>\$ 107,986</u>	<u>\$ 183,665</u>	<u>\$ 7,086</u>
Component unit:				
Children and Families Commission	<u>\$ 2,769</u>	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales and use taxes				
Transient occupancy taxes				
Real property transfer taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Tobacco settlement				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in net assets				
Net assets, beginning of year, restated				
Net assets, end of year				

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Activities
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Functions/Programs
Primary government:				
Governmental activities:				
\$ (7,653)	\$ -	\$ (7,653)	\$ -	General government
(63,009)	-	(63,009)	-	Public protection
(7,239)	-	(7,239)	-	Public assistance
(6,858)	-	(6,858)	-	Health and sanitation
(2,348)	-	(2,348)	-	Public ways and facilities
(203)	-	(203)	-	Recreation and cultural services
(4,397)	-	(4,397)	-	Education
(3,549)	-	(3,549)	-	Interest on long-term debt
(95,256)	-	(95,256)	-	Total governmental activities
Business-type activities:				
-	(1,269)	(1,269)	-	Property management
-	(3,427)	(3,427)	-	Public transit
-	3,363	3,363	-	Waste disposal
-	(1,333)	(1,333)	-	Total business-type activities
(95,256)	(1,333)	(96,589)	-	Total primary government
Component unit:				
-	-	-	601	Children and Families Commission
131,931	52	131,983	-	
16,788	3,410	20,198	-	
7,770	-	7,770	-	
5,824	-	5,824	-	
112	-	112	-	
2,660	-	2,660	-	
3,044	-	3,044	-	
11,555	1,095	12,650	241	
857	-	857	1	
284	(284)	-	-	
180,825	4,273	185,098	242	
85,569	2,940	88,509	843	
509,099	121,991	631,090	8,181	
<u>\$ 594,668</u>	<u>\$ 124,931</u>	<u>\$ 719,599</u>	<u>\$ 9,024</u>	

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Balance Sheet
Governmental Funds
June 30, 2006
(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Public Safety</u>	<u>Road</u>
Assets			
Cash and investments	\$ 124,457	\$ 6,842	\$ 56,236
Restricted cash and investments	-	-	-
Receivables (net):			
Accounts	2,255	-	671
Interest	1,483	-	636
Notes	156	-	-
Due from other funds	7,139	-	-
Due from other governments	26,586	8,895	3,522
Inventories	78	-	447
Prepaid items	1,001	57	-
Advances to other funds	1,157	-	-
Total assets	<u>\$ 164,312</u>	<u>\$ 15,794</u>	<u>\$ 61,512</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 13,218	\$ 4,776	\$ 2,423
Due to other funds	-	-	-
Due to other governments	2,316	8	-
Deposits from others	383	157	-
Deferred revenue	14,294	929	7,880
Advances from other funds	-	-	-
Total liabilities	<u>30,211</u>	<u>5,870</u>	<u>10,303</u>
Fund balances:			
Reserved for:			
Encumbrances	6,042	2,107	6,420
Notes receivable	-	-	-
Inventories	78	-	447
Prepaid items	1,001	57	-
Advances to other funds	1,157	-	-
Imprest cash	12	3	-
Debt service	-	-	-
Endowment	-	-	-
Unreserved, designated for:			
Capital asset acquisition and improvements	33,546	-	2,138
Compensated leave	1,974	1,115	404
Other post employment benefits	20,910	-	-
Contingencies and economic uncertainties	20,622	532	4,080
Other	1,695	635	-
Unreserved, reported in:			
General fund	47,064	-	-
Special revenue funds	-	5,475	37,720
Capital projects funds	-	-	-
Debt service funds	-	-	-
Permanent fund	-	-	-
Total fund balances	<u>134,101</u>	<u>9,924</u>	<u>51,209</u>
Total liabilities and fund balances	<u>\$ 164,312</u>	<u>\$ 15,794</u>	<u>\$ 61,512</u>

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Balance Sheet
Governmental Funds
June 30, 2006
(amounts expressed in thousands)**

Capital Improvements	Public Facilities Fees	Other Governmental Funds	Total Governmental Funds
\$ 20,199	\$ 88,721	\$ 55,417	\$ 351,872
4,373	-	7,921	12,294
-	-	1,946	4,872
228	1,003	310	3,660
-	-	3,277	3,433
-	-	25	7,164
-	-	1,009	40,012
-	-	-	525
-	-	148	1,206
-	-	-	1,157
<u>\$ 24,800</u>	<u>\$ 89,724</u>	<u>\$ 70,053</u>	<u>\$ 426,195</u>
\$ 3,980	\$ -	\$ 1,563	\$ 25,960
-	-	526	526
-	-	-	2,324
4,373	-	17	4,930
-	-	3,220	26,323
-	-	472	472
<u>8,353</u>	<u>-</u>	<u>5,798</u>	<u>60,535</u>
6,940	-	4,307	25,816
-	-	268	268
-	-	-	525
-	-	148	1,206
-	-	-	1,157
-	-	1	16
-	-	9,458	9,458
-	-	15	15
1,970	-	14,065	51,719
26	-	50	3,569
-	-	-	20,910
619	-	4,629	30,482
-	-	2,560	4,890
-	-	-	47,064
-	-	6,236	49,431
6,892	89,724	22,505	119,121
-	-	8	8
-	-	5	5
<u>16,447</u>	<u>89,724</u>	<u>64,255</u>	<u>365,660</u>
<u>\$ 24,800</u>	<u>\$ 89,724</u>	<u>\$ 70,053</u>	<u>\$ 426,195</u>

Assets

Cash and investments
Restricted cash and investments
Receivables (net):
 Accounts
 Interest
 Notes
Due from other funds
Due from other governments
Inventories
Prepaid items
Advances to other funds
Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable and accrued liabilities
Due to other funds
Due to other governments
Deposits from others
Deferred revenue
Advances from other funds
Total liabilities

Fund balances:

Reserved for:

Encumbrances
Notes receivable
Inventories
Prepaid items
Advances to other funds
Imprest cash
Debt service
Endowment

Unreserved, designated for:

Capital asset acquisition and improvements
Compensated leave
Other post employment benefits
Contingencies and economic uncertainties
Other

Unreserved, reported in:

General fund
Special revenue funds
Capital projects funds
Debt service fund
Permanent fund

Total fund balances

Total liabilities and fund balances

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Reconciliation of the Balance Sheet
for Governmental Funds
to the Statement of Net Assets
June 30, 2006
(amounts expressed in thousands)**

Fund balances - total governmental funds (page 19)	\$ 365,660
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	271,643
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	13,022
Deferred costs of issuance related to long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,876
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets	36,265
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows:	
Certificates of participation	(22,523)
Loans payable	(57,882)
Capital leases	(1,192)
Interest payable	(378)
Compensated absences	(11,823)
Net assets of governmental activities (page 15)	<u>\$ 594,668</u>

The notes to the financial statements are an integral part of this statement.



County of Placer, California

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Public Safety</u>	<u>Road</u>
Revenues			
Taxes	\$ 143,906	\$ -	\$ 2,322
Licenses and permits	8,011	21	80
Fines, forfeitures and penalties	9,671	269	965
Use of money and property	6,032	263	1,305
Intergovernmental	114,985	43,493	19,649
Charges for services	34,071	4,772	6,309
Contributions and donations	193	81	429
Tobacco settlement	-	-	-
Miscellaneous	1,132	464	21
Total revenues	<u>318,001</u>	<u>49,363</u>	<u>31,080</u>
Expenditures			
Current:			
General government	50,848	-	-
Public protection	37,987	96,768	-
Public assistance	50,029	-	-
Health and sanitation	74,392	-	-
Public ways and facilities	-	-	27,685
Recreation and cultural services	3,503	-	-
Education	265	-	-
Debt service:			
Principal	15	224	56
Interest and fiscal charges	-	67	4
Bond issuance costs	-	-	-
Payment to refunded bond escrow agent	-	-	-
Capital outlay	428	1,905	2,023
Total expenditures	<u>217,467</u>	<u>98,964</u>	<u>29,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,534</u>	<u>(49,601)</u>	<u>1,312</u>
Other Financing Sources (Uses)			
Capital lease financing	-	452	-
Proceeds from issuance of refunding debt	-	-	-
Premium (discount) on refunding debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Proceeds from sale of capital assets	-	332	20
Transfers in	1,135	48,807	6,311
Transfers out	(88,181)	(163)	(1,027)
Total other financing sources (uses)	<u>(87,046)</u>	<u>49,428</u>	<u>5,304</u>
Net change in fund balances	13,488	(173)	6,616
Fund balances, beginning of year, as restated	120,613	10,097	44,593
Fund balances, end of year	<u>\$ 134,101</u>	<u>\$ 9,924</u>	<u>\$ 51,209</u>

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

Capital Improvements	Public Facilities Fees	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ -	\$ 16,197	\$ 162,425	Revenues
-	-	-	8,112	Taxes
-	-	137	11,042	Licenses and permits
465	1,020	1,343	10,428	Fines, forfeitures and penalties
300	-	5,205	183,632	Use of money and property
2,030	9,317	8,464	64,963	Intergovernmental
-	-	319	1,022	Charges for services
-	-	2,481	2,481	Contributions and donations
-	-	55	1,672	Tobacco settlement
2,795	10,337	34,201	445,777	Miscellaneous
				Total revenues
-	-	3,704	54,552	Expenditures
-	-	7,171	141,926	Current:
-	-	5,813	55,842	General government
-	-	537	74,929	Public protection
-	-	1,436	29,121	Public assistance
-	-	135	3,638	Health and sanitation
-	-	4,614	4,879	Public ways and facilities
-	-	1,077	1,372	Recreation and cultural services
-	-	3,641	3,712	Education
-	-	1,876	1,876	Debt service:
-	-	1,089	1,089	Principal
13,350	-	30,501	48,207	Interest and fiscal charges
13,350	-	61,594	421,143	Bond issuance costs
(10,555)	10,337	(27,393)	24,634	Payment to refunded bond escrow agent
				Capital outlay
-	-	-	452	Total expenditures
-	-	71,454	71,454	Excess (deficiency) of revenues over
-	-	(1,441)	(1,441)	(under) expenditures
-	-	(52,882)	(52,882)	
-	-	-	352	Other Financing Sources (Uses)
8,776	22,826	41,988	129,843	Capital lease financing
(3,142)	(21,985)	(16,883)	(131,381)	Proceeds from issuance of refunding debt
5,634	841	42,236	16,397	Premium (discount) on refunding debt
				Payment to refunded bond escrow agent
(4,921)	11,178	14,843	41,031	Proceeds from sale of capital assets
21,368	78,546	49,412	324,629	Transfers in
\$ 16,447	\$ 89,724	\$ 64,255	\$ 365,660	Transfers out
				Total other financing sources (uses)
				Net change in fund balances
				Fund balances, beginning of year, as restated
				Fund balances, end of year

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2006

(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 22)	\$ 41,031
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	53,443
Donated capital assets	3,045
Depreciation expense	(11,363)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, disposals) is to decrease net assets.	(2,040)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	1,917
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issue, whereas these amounts are deferred and amortized in the statement of activities.

Capital lease financing	(452)
Payment to refunded bond escrow agent	53,971
Proceeds from issuance of refunding debt	(71,454)
Premium (discount) on refunding debt	1,441
Bond issuance costs	1,876
Principal repayments on long-term debt	1,372

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(473)
Accrued interest payable	162

Internal service funds are used by management to charge the costs of telecommunications, countywide technology projects, fleet, reprographics, mail, records management, self insurance and dental and vision insurance. The net expense of certain activities of the Internal Service Funds are reported with governmental activities.

13,093

Change in net assets of governmental activities (page 17)	<u>\$ 85,569</u>
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The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Net Assets
Proprietary Funds
June 30, 2006
(amounts expressed in thousands)**

Business-type Activities-Enterprise Funds

	Transit	Facilities	County Service Areas	Sewer Maintenance Districts	Other Enterprise Fund - Health and Human Services	Total	Governmental Activities - Internal Service Funds
Assets							
Current assets:							
Cash and investments	\$ 1,084	\$ 26,151	\$ 2,505	\$ 13,594	\$ -	\$ 43,334	\$ 49,983
Receivables (net)							
Accounts	831	755	28	170	-	1,784	66
Interest	-	296	-	154	-	450	434
Inventories	-	-	-	-	-	-	766
Prepaid items	-	-	-	103	-	103	9
Total current assets	<u>1,915</u>	<u>27,202</u>	<u>2,533</u>	<u>14,021</u>	<u>-</u>	<u>45,671</u>	<u>51,258</u>
Noncurrent assets:							
Restricted cash and investments	-	660	-	-	-	660	-
Advances to other funds	-	-	-	63	-	63	1,240
Capital assets:							
Land	-	1,169	38	191	-	1,398	20
Buildings and improvements	5,756	19,599	461	21,532	-	47,348	1,401
Equipment	8,218	95	-	332	-	8,645	20,078
Infrastructure	-	387	12,750	74,214	-	87,351	665
Construction in progress	46	175	-	-	-	221	344
Less accumulated depreciation	(4,415)	(15,714)	(2,413)	(34,056)	-	(56,598)	(11,335)
Total capital assets, net	<u>9,605</u>	<u>5,711</u>	<u>10,836</u>	<u>62,213</u>	<u>-</u>	<u>88,365</u>	<u>11,173</u>
Total noncurrent assets	<u>9,605</u>	<u>6,371</u>	<u>10,836</u>	<u>62,276</u>	<u>-</u>	<u>89,088</u>	<u>12,413</u>
Total assets	<u>11,520</u>	<u>33,573</u>	<u>13,369</u>	<u>76,297</u>	<u>-</u>	<u>134,759</u>	<u>63,671</u>
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	202	251	83	687	-	1,223	1,831
Deposits from others	-	172	10	47	-	229	15
Compensated absences	53	36	-	-	-	89	200
Interest payable	-	8	1	15	-	24	-
Unearned revenue	-	-	76	-	-	76	-
Self insurance liabilities	-	-	-	-	-	-	6,246
Capital lease obligations	-	-	-	190	-	190	-
Bonds payable	-	295	6	-	-	301	-
Total current liabilities	<u>255</u>	<u>762</u>	<u>176</u>	<u>939</u>	<u>-</u>	<u>2,132</u>	<u>8,292</u>
Noncurrent liabilities:							
Compensated absences	133	91	-	-	-	224	505
Advances from other funds	-	-	831	-	-	831	1,157
Self insurance liabilities	-	-	-	-	-	-	17,452
Capital lease obligations	-	-	-	100	-	100	-
Landfill postclosure	-	4,819	-	-	-	4,819	-
Bonds payable	-	1,705	17	-	-	1,722	-
Total noncurrent liabilities	<u>133</u>	<u>6,615</u>	<u>848</u>	<u>100</u>	<u>-</u>	<u>7,696</u>	<u>19,114</u>
Total liabilities	<u>388</u>	<u>7,377</u>	<u>1,024</u>	<u>1,039</u>	<u>-</u>	<u>9,828</u>	<u>27,406</u>
Net Assets							
Invested in capital assets, net of related debt	9,605	3,711	10,813	61,923	-	86,052	11,173
Unrestricted	1,527	22,485	1,532	13,335	-	38,879	25,092
Total net assets	<u>\$ 11,132</u>	<u>\$ 26,196</u>	<u>\$ 12,345</u>	<u>\$ 75,258</u>	<u>\$ -</u>	<u>124,931</u>	<u>\$ 36,265</u>

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

Business-type Activities-Enterprise Funds							
	Transit	Facilities	County Service Areas	Sewer Maintenance Districts	Other Enterprise Fund - Health and Human Services	Total	Governmental Activities - Internal Service Funds
Operating Revenues							
Charges for sales and services:							
Tenant rentals	\$ -	\$ 1,192	\$ -	\$ -	\$ -	\$ 1,192	\$ -
Passenger fares	662	-	-	-	-	662	-
Sewer and water fees	-	-	120	577	-	697	-
Connection fees	-	-	-	685	-	685	-
Landfill fees	-	4,030	-	-	-	4,030	-
Direct charges	-	29	734	8,253	-	9,016	-
Other charges for current services	-	2,724	63	408	-	3,195	-
Insurance charges	-	-	-	-	-	-	15,283
Automotive mileage	-	-	-	-	-	-	7,787
Telecommunication fees	-	-	-	-	-	-	4,298
Special district fees	-	-	-	-	-	-	9,093
Materials and supplies	-	-	-	-	-	-	213
Data processing maintenance service	-	-	-	-	-	-	1,585
Printing services	-	-	-	-	-	-	1,623
Mailing services	-	-	-	-	-	-	225
Miscellaneous	108	3	-	1	-	112	86
Total operating revenues	770	7,978	917	9,924	-	19,589	40,193
Operating Expenses							
Salaries and employee benefits	2,712	2,077	-	-	-	4,789	10,483
Service and supplies	3,247	3,312	1,091	7,689	-	15,339	16,166
Depreciation	687	337	205	1,696	-	2,925	1,884
Judgments and damages	-	-	-	-	-	-	5,262
Total operating expenses	6,646	5,726	1,296	9,385	-	23,053	33,795
Operating income (loss)	(5,876)	2,252	(379)	539	-	(3,464)	6,398
Nonoperating Revenues (Expenses)							
Taxes	3,410	-	-	52	-	3,462	-
Investment earnings	20	681	63	331	-	1,095	1,227
Change in estimate - self insurance liability	-	-	-	-	-	-	3,577
Interest expense	-	(100)	(1)	(25)	-	(126)	-
Loss on disposal of capital assets	-	(393)	-	-	-	(393)	(172)
Intergovernmental	2,449	29	46	1	-	2,525	-
Total nonoperating revenues (expenses)	5,879	217	108	359	-	6,563	4,632
Income (loss) before capital contributions and transfers	3	2,469	(271)	898	-	3,099	11,030
Capital contributions	-	187	-	125	-	312	54
Transfers in	-	1,535	-	-	-	1,535	2,426
Transfers out	-	(713)	-	-	(1,293)	(2,006)	(417)
Change in net assets	3	3,478	(271)	1,023	(1,293)	2,940	13,093
Total net assets, beginning of year, as restated	11,129	22,718	12,616	74,235	1,293	121,991	23,172
Total net assets, end of year	\$ 11,132	\$ 26,196	\$ 12,345	\$ 75,258	\$ -	\$ 124,931	\$ 36,265

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

Business-type Activities - Enterprise Funds

	Transit	Facilities	County Service Areas	Sewer Maintenance Districts	Other Enterprise Fund - Health and Human Services	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 772	\$ 7,157	\$ 927	\$ 9,928	\$ -	\$ 18,784	\$ 39,903
Payments to suppliers	(3,190)	(3,413)	(1,205)	(8,881)	(111)	(16,800)	(16,006)
Payments to employees	(2,683)	(2,051)	-	-	(512)	(5,246)	(10,329)
Payments of judgements and claims	-	-	-	-	-	-	(5,616)
Net cash provided by (used in) operating activities	(5,101)	1,693	(278)	1,047	(623)	(3,262)	7,952
Cash Flows from Noncapital Financing Activities							
Payments made on advances from other funds	-	-	(5)	-	-	(5)	(345)
Increase in advances from other funds	-	-	345	-	-	345	470
Decrease in advances to other funds	-	-	-	-	-	-	33
Payment on short term loan from other funds	-	-	-	-	-	-	(938)
Taxes and aid from other governments	5,280	29	46	53	353	5,761	-
Transfers in	-	1,535	-	-	-	1,535	2,426
Transfers out	-	(713)	-	-	(1,256)	(1,969)	(417)
Net cash provided by (used in) noncapital financing activities	5,280	851	386	53	(903)	5,667	1,229
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	(46)	(130)	(10)	(13)	-	(199)	(3,315)
Principal paid on long-term debt	-	(285)	(6)	(178)	-	(469)	-
Interest paid on long-term debt	-	(101)	(1)	(28)	-	(130)	-
Net cash (used in) capital and related financing activities	(46)	(516)	(17)	(219)	-	(798)	(3,315)
Cash Flows from Investing Activities							
Interest received	20	385	63	177	-	645	793
Net increase (decrease) in cash and cash equivalents	153	2,413	154	1,058	(1,526)	2,252	6,659
Cash and cash equivalents, beginning of year	931	24,398	2,351	12,536	1,526	41,742	43,324
Cash and cash equivalents, end of year	<u>\$ 1,084</u>	<u>\$ 26,811</u>	<u>\$ 2,505</u>	<u>\$ 13,594</u>	<u>\$ -</u>	<u>\$ 43,994</u>	<u>\$ 49,983</u>
Reconciliation of cash and cash equivalents to the statement of net assets:							
Cash and investments	\$ 1,084	\$ 26,151	\$ 2,505	\$ 13,594	\$ -	\$ 43,334	\$ 49,983
Restricted cash and investments	-	660	-	-	-	660	-
Total cash and cash equivalents	<u>\$ 1,084</u>	<u>\$ 26,811</u>	<u>\$ 2,505</u>	<u>\$ 13,594</u>	<u>\$ -</u>	<u>\$ 43,994</u>	<u>\$ 49,983</u>

The notes to the financial statements are an integral part of this statement.

County of Placer, California

Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

Business-type Activities - Enterprise Funds

	Transit	Facilities	County Service Areas	Sewer Maintenance Districts	Other Enterprise Fund - Health and Human Services	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (5,876)	\$ 2,252	\$ (379)	\$ 539	\$ -	\$ (3,464)	\$ 6,398
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	687	337	205	1,696	-	2,925	1,884
(Increase) decrease in accounts receivable	2	(755)	74	8	-	(671)	11
Decrease in due from other funds	40	-	-	-	-	40	-
(Increase) in inventories	-	-	-	-	-	-	(58)
(Increase) decrease in prepaid items	12	-	-	-	1	13	(1)
Increase (decrease) in accounts payable	27	64	(114)	(1,192)	(398)	(1,613)	335
Increase (decrease) in deposits from others	-	2	(64)	(4)	-	(66)	3
(Decrease) in unearned revenue	-	(68)	-	-	-	(68)	(304)
(Decrease) in landfill postclosure liability	-	(126)	-	-	-	(126)	-
(Decrease) in self insurance liability	-	-	-	-	-	-	(354)
Increase (decrease) in compensated absences	7	(13)	-	-	(226)	(232)	38
Total adjustments	775	(559)	101	508	(623)	202	1,554
Net cash provided by (used in) operating activities	\$ (5,101)	\$ 1,693	\$ (278)	\$ 1,047	\$ (623)	\$ (3,262)	\$ 7,952
Noncash financing and investing activities:							
Change in the fair value of investments	\$ (8)	\$ (190)	\$ (18)	\$ (99)	\$ -	(315)	\$ (361)
Transfer in and donation of capital assets	-	187	-	125	-	312	-

The notes to the financial statements are an integral part of this statement.

County of Placer, California

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006
(amounts expressed in thousands)**

	Investment Trust	Agency Funds
Assets		
Cash and investments	\$ 506,450	\$ 19,157
Receivables:		
Accounts	-	132
Interest	5,726	-
Taxes, net	-	28,880
Special assessments	-	3,860
Due from other governments	-	929
Total assets	<u>\$ 512,176</u>	<u>\$ 52,958</u>
Liabilities		
Due to other funds		\$ 6,638
Agency obligations		<u>46,320</u>
Total liabilities		<u>\$ 52,958</u>
Net Assets		
Held in trust for pool participants	<u>\$ 512,176</u>	

The notes to the financial statements are an integral part of this statement.

County of Placer, California
Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

Additions:	
Contributions to pooled investments	\$ 1,165,611
Interest and investment income	13,342
Total additions	<u>1,178,953</u>
Deductions:	
Distributions from pooled investments	<u>1,156,770</u>
Change in net assets	22,183
Net assets, beginning of year	<u>489,993</u>
Net assets, end of year	<u><u>\$ 512,176</u></u>

The notes to the financial statements are an integral part of this statement.



**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Placer (the County) is a political subdivision of the State of California. An elected, five-member Board of Supervisors (the Board) governs the County. The Board is financially accountable for the Governmental Funds, Proprietary Funds, Fiduciary Funds, and the Discretely Presented Component Unit. Such financial accountability is determined on the basis of budget adoption, taxing authority, financial benefit or burden, funding and appointing a voting majority of the governing authority, designation of management, ability of the Board to impose its will, and fiscal dependency. The basic financial statements of the County include the financial activities of the following legally separate entities:

Blended Component Units

The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting, and road maintenance throughout the County.

The Sewer Maintenance Districts are separate legal entities formed to provide sewer maintenance services within the County.

The Newcastle and Penryn Lighting Districts are separate legal entities formed to provide utilities services in these districts within the County.

The Redevelopment Agency of Placer County (the Redevelopment Agency) is a separate legal entity formed to administer the development of certain areas within the County.

The North Lake Tahoe Public Financing Authority is a separate legal entity formed to provide for the financing and refinancing of land improvements, facilities and equipment for public purposes.

The Placer County Public Financing Authority (the Financing Authority) is a separate legal entity formed through a joint exercise of powers agreement between the Redevelopment Agency and the County to facilitate the financing and refinancing of public capital facilities.

The Gold Country Settlement Funding Corporation (the Corporation) is a separate legal entity formed to provide tobacco securitization financing to the County to fund major capital improvement projects.

The In-Home Support Services Public Authority (the Authority) is a separate legal entity created pursuant to the Welfare and Institutions Code Section 12302.25. The purpose of the Authority is to provide for the delivery of in-home supportive services within the County.

All of the entities described above, although legally separate from the County, are included as part of the primary government of the County because their governing boards consist of or are appointed by the County Board of Supervisors, and therefore, the governing boards are substantively the same. As such, the Board can impose its will and can influence the programs, projects and activities of the component units.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

The First 5 Placer Children and Families Commission (the Commission) was established under the provisions of the California Children and Families Act (the Act). The Commission is a public entity legally separate and apart from the County and its purpose is to develop, adopt, promote and implement early childhood development programs in the County of Placer consistent with the goals and objectives of the Act. The Commission's programs are funded by taxes levied by the State of California on tobacco products.

The Commission is administered by a governing board of seven members, which are appointed by the County Board of Supervisors. Three members are representatives of the County's health care departments, County's social services departments and Board of Supervisors. The County Board of Supervisors may remove any Commission member at any time. Since the County Board of Supervisors can impose their will on the Commission, the Commission is considered a component unit of the County.

Separate financial statements for the Redevelopment Agency, the North Lake Tahoe Public Financing Authority, the Commission and the Corporation may be obtained by contacting the County. Separate financial statements for the other legally separate entities are not issued.

B. Government-wide and Fund Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific segment or function. The County includes certain indirect costs as part of the program expenses reported for various functional activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given segment or function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted. As of June 30, 2006, the County has net assets of \$47,932 that have been restricted by enabling legislation.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The governmental funds used to liquidate compensated absences are the General Fund, Public Safety Fund, Road Fund, Capital Improvements Fund, Community Services Fund, County Library Fund, Fire Control Fund and the Redevelopment Agency Housing Fund.

Property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and, as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash or receives the cash within the County's 180 day availability period

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the County, except those required to be accounted for in another fund.

The **Public Safety Special Revenue Fund** is used to account for the operations of Public Safety departments, including the Sheriff, Probation and District Attorney.

The **Road Special Revenue Fund** is used to account for the planning, design, construction, maintenance and administration of County roads.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The **Capital Improvements Capital Projects Fund** was established to account for resources used for countywide facility acquisition and improvement needs and is used to account for deposits from developers and mitigation fees collected by the County and incorporated Cities related to new growth and development within the County.

The **Public Facilities Fees Capital Projects Fund** accounts for the collection and expenditure of fees imposed to mitigate the impacts of new development within the County. The fees provide the necessary funding for the construction, expansion or improvement of public facilities.

The County reports the following major enterprise funds:

The **Transit Fund** accounts for the costs of providing transit services throughout the County.

The **Facilities Fund** accounts for activities related to property management and building maintenance for County-owned and leased buildings and solid waste and landfill operations.

The **County Service Areas Fund** is used to account for financial resources collected in specific areas of the County which provide waste disposal services or to pay down debt incurred for public improvements.

The **Sewer Maintenance Districts Fund** accounts for water and sewer maintenance activities in specific areas of the County.

Additionally, the County reports the following fund types:

The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other governmental units on a cost reimbursement basis. Activities include the County's self-insurance programs, providing services to County-governed districts, service areas and advisory councils and equipment financing of the County.

The **Investment Trust Fund** accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collection for cities.

Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with Governmental Accounting Standards Boards (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

D. Assets, Liabilities and Net Assets or Equity

Cash and Investments

The County pools cash and investments with the County Treasurer except for cash and investments managed by fiscal agents under bonded debt agreements. Interest from bank accounts and investments are allocated to the various funds on a monthly basis based on the average daily cash balances of the funds entitled to receive interest to the total cash and investment pool. It is the County's policy to charge interest to funds that have a negative cash balance.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*, the County has stated required investments at fair value in the accompanying financial statements. Changes in the fair value of investments are reflected as investment earnings. The fair value of investments are determined on a monthly basis and are obtained from published market prices and quotations from major investment brokers for all investments having greater than 90 days to maturity. For purposes of the statement of cash flows, proprietary funds consider all short-term (three months or less) highly liquid investments, including restricted assets, to be cash equivalents. Investments held in the County Treasurer's Pool are available on demand to individual entities, thus they are considered highly liquid and cash equivalents.

The County Treasurer's Pool values participants' shares on an amortized cost basis. Specifically, the Pool distributes income to participants based on their relative participation during the period. Amortized cost was used for all investments having 90 days or less to maturity, and cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks. However, actual daily activity is done on a dollar-to-dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at fair value. During the fiscal year ended June 30, 2006, the County has not provided or obtained any legally binding guarantees to support the value of pool shares.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Restricted Cash and Investments

Restricted cash and investments reported in the governmental funds represent proceeds from various bond issuances that have been set aside for the repayment of principal and interest on the related outstanding debt, and therefore, their use is limited by the applicable debt covenants. Restricted cash and investments also represent contractor retentions held by outside third party fiscal agents, which will be released and paid to the contractor upon the successful completion and approval of the related projects.

Restricted cash and investments of \$660 in the Facilities Enterprise Fund is restricted for the payment of postclosure care costs associated with the Eastern Regional Landfill. See Note 13 to the basic financial statements for additional landfill disclosures.

Interfund Receivables and Payables

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) in the balance sheet of governmental funds and statement of net assets for proprietary funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the government funds balance sheet, are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation of the government-wide presentation.

Inventories and Prepaid Items

Inventories are valued at cost, which is determined on a first-in first-out basis, and consist primarily of expendable supplies held for consumption. The cost is recorded as an expenditure when the items are used. In the governmental funds balance sheet, there is a reservation of fund balance equal to the inventory balance as these amounts are not available for appropriation.

Payments made for services that will benefit future accounting periods are recorded as prepaid items. In the governmental fund types, there is a reservation of fund balance equal to the amount of prepaid items, since these amounts are not available for appropriation.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Notes Receivable

Notes receivable represent loans made for redevelopment, economic development, first-time homebuyer and property rehabilitation. A loan committee approves the loans and deferral of payments. An allowance for loan losses in the amount of \$401 has been established due to the high risk nature of some of the Unsecured Development Loans and the forgivable nature of the Façade Improvement Loans for the Redevelopment Agency.

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings and improvements), equipment (e.g. vehicles, computers, office equipment and software) and infrastructure (e.g. roads, bridges, sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capitalization thresholds are \$5 for equipment and \$50 for buildings, improvements and infrastructure.

Depreciation on capital assets and improvements is provided using the straight-line method. The estimated useful lives are as follows: infrastructure – 10 to 65 years; buildings and improvements – 10 to 50 years; and equipment – 2 to 25 years.

Compensated Absences

The County reports a liability for compensated absences attributable to services already rendered as of June 30, 2006 and that are not contingent on a specific event that is outside the control of the County, such as employee illness. This liability is based on the probability that the County will eventually compensate the employees for the benefits through paid time off or some other means, such as annual leave cash-outs or cash payments at termination or retirement. The liability is calculated based on pay rates in effect at June 30, 2006, in addition to those salary-related payments that are directly and incrementally associated with payments made for compensated absences on termination, such as Social Security and Medicare taxes.

All regular employees of the County earn paid vacations annually. The amount of vacation hours is based on the years of continuous service and the bargaining unit to which the employee belongs. Except for management employees, no more than 400 hours, or 520 hours after 10 continuous years of service, may be accumulated as of the last day of the first full pay period of each calendar year. Management employees can accumulate up to 520 hours. Also, regular employees are given credit for eight hours sick leave each month of employment with unlimited accumulation. Upon termination, employees are entitled to a lump sum payment for accrued vacation and compensatory time off. With respect to sick leave, employees are entitled to either a lump sum payout not to exceed \$2 or additional retirement credits from CalPERS based on a formula. Based on prior history, the majority of County employees opt for additional retirement credits. Accordingly, the County has not recorded a liability for any accrued sick leave. All other compensated absence pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or proprietary funds statement of net assets. In the fund financial statements, governmental funds bond and capital lease proceeds are reported as other financing sources. Interest is reported as an expenditure in the period in which the related payment is made.

Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets - net of related debt, restricted and unrestricted.

- ❑ *Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net asset balance.
- ❑ *Restricted* – This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ❑ *Unrestricted* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific purpose. As of June 30, 2006, reservations of fund balance are described below:

- ❑ *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.
- ❑ *Notes receivable* – to reflect receivables that are long-term in nature and do not represent available spendable resources.
- ❑ *Inventories* – to reflect that balances of inventory accounts which reflect resources already expended, but not consumed, and are not available for appropriation.
- ❑ *Prepaid items* – to reflect the balances of prepaid items that benefit future periods and are not available for appropriation.
- ❑ *Advances to other funds* – to reflect the amounts due from other funds that are long-term in nature and do not represent available spendable resources.
- ❑ *Imprest cash* – to reflect cash on hand maintained by various departments that do not represent available spendable resources.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

- ☐ *Debt service* – to reflect the funds held by trustees or fiscal agents for the future payment of principal and interest on the certificates of participation. These funds are not available for general operations.
- ☐ *Endowment* – to reflect the portion of fund balance that is legally restricted in order to provide for investment earnings, which is used for programs in Tahoe City.

In the fund financial statements, governmental funds report designations of fund balance to represent the County's intended use of current available financial resources. As of June 30, 2006, designations of fund balance are described below:

- ☐ *Capital asset acquisition and improvements* – funds set aside to provide for the future replacement and/or construction of County facilities.
- ☐ *Compensated leave* – portion of fund balance that has been set aside for the liquidation of the County's obligation for its compensated absences liability.
- ☐ *Other post employment benefits* – portion of fund balance that has been set aside to initially fund the County's annual postretirement healthcare costs and ongoing commitment that will be required upon the implementation of GASB Statement No. 45 in FY 2007/08.
- ☐ *Contingencies and economic uncertainties* – funds which are set aside to maintain consistent service levels in the event of an economic downturn or other unforeseen circumstances.
- ☐ *Other* – funds set aside by management for other intended uses such as automation.

Property Taxes

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the 1975-76 base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CCPI) not to exceed an increase of 2% per year.

Property is reappraised from the 1975-76 base year value to current full value upon either (1) a change in ownership or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is reappraised). Thereafter, it continues to be increased annually by the change in the CCPI not to exceed 2%. The net asset value for the 2005-2006 fiscal year is \$45,687,389.

The County is permitted by Division 1, Part 0.5, Chapter 5.5, of the California Revenue and Taxation Code, to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than payment of principal and interest on general obligation bonds or other indebtedness approved by voters. Taxes are allocated to local agencies and school districts as outlined in Chapter 6 of the California Revenue and Taxation Code. Counties, cities, and school districts may levy such additional tax rate as is necessary to provide for voter-approved debt service.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due November 1 and March 1, and again subject to late payment penalties if paid after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

In fiscal year 1993-94, the County adopted the Alternate Method of Property Tax Allocation (commonly referred to as the Teeter Plan). Under the Teeter Plan, the County Auditor-Controller, an elected official, is authorized to pay 100% of the property taxes billed (secured, supplemental, and debt service) to the taxing agencies within the County. The County recognizes property tax revenues in the period for which the taxes are levied. Previously, such taxes were allocated and paid as the taxes were collected. Property taxes are accrued as receivables in the period when they are levied. Property tax revenues are recognized when they become available.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Taxes on real estate, land and buildings are secured by liens on property being taxed.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Assets		Statement of Fiduciary Fund Net Assets		
	Primary Government	Component Unit	Investment Trust Fund	Agency Fund	Total
Cash and investments	\$ 445,189	\$ 8,934	\$ 506,450	\$ 19,157	\$ 979,730
Restricted cash and investments	12,954	--	--	--	12,954
Total cash and investments	<u>\$ 458,143</u>	<u>\$ 8,934</u>	<u>\$ 506,450</u>	<u>\$ 19,157</u>	<u>\$ 992,684</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 1,238
Deposits with financial institutions	33,995
Investments	987,635
Less warrants payable	(30,184)
	<hr/>
Total cash and investments	<u>\$ 992,684</u>

Authorized Investments

The table below identifies the investment types that are authorized by the County's investment policy and California Government Code Section 53601. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the County, rather than the general provisions of the County's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
U.S. Treasury Securities	5 years	100%	--	--
U.S. Agency Securities	5 years	100%	--	--
Local Agency Obligations	5 years	100%	5%	--
Bankers' Acceptances	180 days	30%	10%	--
Commercial Paper	270 days	40%	5%	A
Negotiable Certificates of Deposit	5 years	30%	10%	--
Repurchase Agreements	7 days	20%	10%	--
Corporate Notes	5 years	30%	5%	A
Collateralized Certificates of Deposit	5 years	20%	10%	--
Local Agency Investment Fund	1 year	\$40 million	--	--

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 – CASH AND INVESTMENTS (Continued)

Authorized Investments by Debt Agreements

The investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Securities	--	--	--
U.S. Agency Securities	--	--	--
Local Agency Obligations	--	--	--
Bankers Acceptances	360 days	--	--
Commercial Paper	270 days	--	--
Negotiable Certificates of Deposit	360 days	--	--
Repurchase Agreements	--	--	--
Money Market Mutual Funds	--	--	--
Guaranteed Investment Contracts	--	--	--
Local Agency Investment Fund	--	--	--

The Placer County Treasurer's Pool (Pool) is not SEC-registered, but is invested in accordance with California State Government Code section 53600 et. seq. The Treasury Oversight Committee is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Treasury Oversight Committee reviews the monthly investment report and causes a compliance audit of investments to occur annually. Certain special districts and all public school districts are required by legal provisions to deposit their funds with the County Treasurer. The Pool consists almost entirely of such districts and includes 97 percent involuntary participants at June 30, 2006.

In addition to the restrictions and guidelines of California Government Code, cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Treasury Oversight Committee and the Board of Supervisors annually. The objectives of the policy are, in order of priority, safety of principal, liquidity and yield. All investments are made in accordance with the California Government Code and, in general, the Treasurer's policy is more restrictive than State law. The County Treasury did not have any violations of its policy during the current year.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Treasurer mitigates this risk by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. The Treasurer uses the weighted average maturity method to identify and manage interest rate risk.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk of loss due to an issuer of an investment not fulfilling its obligation to the holder of the investment. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The County Treasurer's policy permits investment in the debt of issuers with a short-term rating of *superior capacity* and a minimum long-term rating of *upper medium grade* by two of the three largest nationally recognized rating agencies. For short-term ratings, the issuers' rating must be at least A-1 and P-1, and long-term ratings must be at least A- and A3 by two of the three largest nationally recognized rating agencies. In addition, the County Treasurer is permitted to invest in the debt of the State of California Local Agency Investment Fund, collateralized certificates of deposits and bonds and notes issued by other California local agencies and the County that are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the amount of investment in a single issuer. U.S. treasury and agency securities are considered to be of the best quality grade, as such there is no limitation on amounts invested in U.S. treasury or agency securities per California Government Code. Investments in any one issuer (other than U.S. treasury securities, money market mutual funds and external investment pools) that represent 5% or more of the total County investments are as follows:

Federal National Mortgage Association	\$ 197,550
Federal Home Loan Bank	141,181
Federal Home Loan Mortgage Corporation	133,699

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the County will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, the carrying amount of the County's cash deposits (including amounts in checking and nonnegotiable certificates of deposit) was \$33,995 and the bank balance was \$34,005.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 2 – CASH AND INVESTMENTS (Continued)

As of June 30, 2006, the County's investments and credit ratings are as follows:

<u>Investment Type</u>	<u>Credit Rating (Moody's/ Standard & Poor's</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Investment in County Pool:			
U.S. government securities	Aaa/AAA	407 days	\$ 93,826
U.S. government agencies	Aaa/AAA	230 days	483,389
Commercial paper	Aaa/AAA	5 days	59,887
Negotiable certificates of deposit	A1/A	117 days	116,464
Corporate notes	A2/A	477 days	215,064
Local agency bonds	Not rated	10,868 days*	8,223
Total investments in County Pool			<u>976,853</u>
Restricted investments:			
Money market mutual funds	AAA	90 days	3,548
Guaranteed investment contract	Not rated	63 days	3,150
Corporate notes	AAA	63 days	1,914
Local agency bonds	A+/AA-	264 days	2,170
Total investments with fiscal agents			<u>10,782</u>
Total investments			<u>\$ 987,635</u>

*In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County's Board of Supervisors. Pursuant to resolution by the Board of Supervisors on March 21, 2006, the County Treasurer purchased local agency bonds issued by the Middle Fork Project Finance Authority which mature in April 2036.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Treasury Investment Pool

Investments held in the County Pool are summarized as follows:

Investment	Principal	Fair Value	Maturity Ranges	Interest Rate Ranges
U.S. government securities	\$ 94,871	\$ 93,826	8/15/06 – 9/15/08	2.37-6.50%
U.S. government agencies	485,978	483,389	7/5/06 – 6/15/10	1.92-5.72%
Commercial paper	59,807	59,887	7/3/06 – 8/15/06	4.50-5.27%
Negotiable certificates of deposit	116,270	116,464	8/4/06 – 3/30/07	4.22-5.20%
Corporate notes	218,792	215,064	8/15/06 – 10/21/10	2.75-7.87%
Local agency bonds	8,223	8,223	4/1/36	5.69%
Total investments	<u>\$ 983,941</u>	<u>\$ 976,853</u>		

Condensed Financial Information

The Pool does not issue separate financial statements. Condensed financial information for the Pool as of and for the fiscal year ended June 30, 2006 is as follows:

Statement of net assets:

Net assets held for Pool participants	<u>\$ 1,009,086</u>
Equity of internal Pool participants	\$ 502,636
Equity of external Pool participants	<u>506,450</u>
Total equity	<u>\$ 1,009,086</u>

Statement of changes in net assets:

Net assets at July 1, 2005	\$ 924,581
Net change in net assets for Pool participants	<u>84,505</u>
Net assets at June 30, 2006	<u>\$ 1,009,086</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2006, for the County's major individual funds, nonmajor and internal service funds, in the aggregate, net of allowances for uncollectible amounts of \$538, are as follows:

Receivables- Governmental Activities:	Accounts	Interest	Notes	Due From Other Governments	Total
General Fund	\$ 2,255	\$ 1,483	\$ 156	\$ 26,586	\$ 30,480
Public Safety	-	-	-	8,895	8,895
Road Fund	671	636	-	3,522	4,829
Capital Improvements	-	228	-	-	228
Public Facilities Fees	-	1,003	-	-	1,003
Other Governmental Funds	1,946	310	3,277	1,009	6,542
Internal Service Funds	66	434	-	-	500
Net receivables	<u>\$ 4,938</u>	<u>\$ 4,094</u>	<u>\$ 3,433</u>	<u>\$ 40,012</u>	<u>\$ 52,477</u>

Receivables- Business-Type Activities:	Accounts	Interest	Total
Transit Fund	\$ 831	\$ -	\$ 831
Facilities	755	296	1,051
County Service Areas	28	-	28
Sewer Maintenance Districts	170	154	324
Net receivables	<u>\$ 1,784</u>	<u>\$ 450</u>	<u>\$ 2,234</u>

The notes receivable balance represents redevelopment housing loans that are not expected to be fully collected within a year.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006 for the governmental activities and business-type activities are as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 38,083	\$ 2,726	\$ (20)	\$ 40,789
Construction in progress	48,827	46,730	(6,647)	88,910
Total capital assets not being depreciated	86,910	49,456	(6,667)	129,699
Capital assets, being depreciated:				
Structures and improvements	85,875	4,389	(187)	90,077
Equipment	44,901	9,780	(2,785)	51,896
Infrastructure	204,596	3,915	(2,844)	205,667
Total capital assets, being depreciated	335,372	18,084	(5,816)	347,640
Less accumulated depreciation for:				
Structures and improvements	(20,580)	(2,131)	-	(22,711)
Equipment	(24,833)	(5,603)	2,488	(27,948)
Infrastructure	(138,450)	(7,678)	2,264	(143,864)
Total accumulated depreciation	(183,863)	(15,412)	4,752	(194,523)
Total capital assets being depreciated, net	151,509	2,672	(1,064)	153,117
Governmental activities, net	\$ 238,419	\$ 52,128	\$ (7,731)	\$ 282,816

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,398	\$ -	\$ -	\$ 1,398
Construction in progress	1,206	187	(1,172)	221
Total capital assets not being depreciated	2,604	187	(1,172)	1,619
Capital assets, being depreciated:				
Structures and improvements	46,797	551	-	47,348
Equipment	9,091	13	(459)	8,645
Infrastructure	86,812	539	-	87,351
Total capital assets being depreciated	142,700	1,103	(459)	143,344
Less accumulated depreciation for:				
Structures and improvements	(26,330)	(1,010)	-	(27,340)
Equipment	(3,694)	(579)	423	(3,850)
Infrastructure	(24,072)	(1,336)	-	(25,408)
Total accumulated depreciation	(54,096)	(2,925)	423	(56,598)
Total capital assets being depreciated, net	88,604	(1,822)	(36)	86,746
Business-type activities, net	\$ 91,208	\$ (1,635)	\$ (1,208)	\$ 88,365

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 994
Public protection	1,894
Health and sanitation	131
Public ways and facilities	8,157
Recreation and cultural	76
Education	111
Capital assets held by the County's Internal Service Funds are charged to various functions based on usage of the assets	1,884
Total depreciation expense - governmental activities	<u>\$ 13,247</u>

Business-type activities:

Public transit	\$ 687
Facilities	337
Waste disposal	1,901
Total depreciation expense - business-type activities	<u>\$ 2,925</u>

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables typically result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system or (3) payments between funds are made. As of June 30, 2006, the interfund receivables and payables are indicative of short-term cash flow borrowings. The following schedule briefly summarizes the amounts due to/from other funds at June 30, 2006:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 501
	Agency Funds	6,638
		<u>7,139</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>25</u>
Total		<u>\$ 7,164</u>

The Agency Funds owed the General Fund \$6,638 for short-term cash flow requirements as of June 30, 2006.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

Advances to and advances from other funds represent long-term loans made to support the County's housing and redevelopment, county service area and special district activities. The following schedule briefly summarizes the amounts advanced to/from other funds at June 30, 2006:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 1,157
Sewer Maintenance District	County Service Areas Enterprise Fund	63
Enterprise Fund		
Internal Service Funds		768
		831
Internal Service Funds	Other Governmental Funds	472
Total		<u>\$ 2,460</u>

Transfers are indicative of funding for capital projects, re-allocations of special revenues and subsidies of various County operations. The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2006:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Public Safety	\$ 48,802
	Road	6,311
	Capital Improvements	2,764
	Facilities	1,535
	Public Facility Fees	22,826
	Nonmajor Governmental Funds	4,607
	Internal Service Funds	1,336
		<u>88,181</u>

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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NOTE 5 – INTERFUND TRANSACTIONS (Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Public Safety	General Fund	\$ 60
	Internal Service Funds	103
		<u>163</u>
Road	Capital Improvements	772
	Nonmajor Governmental Funds	255
		<u>1,027</u>
Capital Improvements	General Fund	457
	Nonmajor Governmental Funds	2,019
	Internal Service Funds	666
		<u>3,142</u>
Public Facility Fees	Capital Improvements	1,674
	Nonmajor Governmental Funds	20,007
	Internal Service Funds	304
		<u>21,985</u>
Nonmajor Governmental Funds	General Fund	205
	Capital Improvements	1,911
	Nonmajor Governmental Funds	14,767
		<u>16,883</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Facilities	Capital Improvements	\$ 380
	Nonmajor Governmental Funds	333
		<u>713</u>
Nonmajor Enterprise Fund	General Fund	368
	Capital Improvements	925
		<u>1,293</u>
Internal Service Funds	General Fund	45
	Capital Improvements	350
	Public Safety	5
	Internal Service Funds	17
		<u>417</u>
Total transfers		<u>\$ 133,804</u>

NOTE 6 – PAYABLES

Payables at year-end of the County's major individual funds, nonmajor and internal service funds, in the aggregate, are as follows:

Payables-	Accounts	Due to	Deposits	
Governmental Activities:	Payable	Other	From	
	and Accrued	Governments	Others	Total
	Liabilities			
General Fund	\$ 13,218	\$ 2,316	\$ 383	\$ 15,917
Public Safety Fund	4,776	8	157	4,941
Road Fund	2,423	-	-	2,423
Capital Improvements Fund	3,980	-	4,373	8,353
Other Governmental Funds	1,563	-	17	1,580
Internal Service Funds	1,831	-	15	1,846
	<u>\$ 27,791</u>	<u>\$ 2,324</u>	<u>\$ 4,945</u>	<u>\$ 35,060</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 6 – PAYABLES (Continued)

Payables- Business-type Activities:	Accounts Payable and Accrued Liabilities	Deposits From Others	Total
Transit Fund	\$ 202	\$ -	\$ 202
Facilities Fund	251	172	423
County Service Areas Fund	83	10	93
Sewer Maintenance Districts Fund	687	47	734
	<u>\$ 1,223</u>	<u>\$ 229</u>	<u>\$ 1,452</u>

NOTE 7 – LONG-TERM LIABILITIES

Governmental Activities

A summary of certificates of participation outstanding for governmental activities as of June 30, 2006 is as follows:

Purpose/Installments	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2006
Refinancing of the Administration and Emergency Services Building, installments ranging from \$465 to \$910	4.00-4.50	6/01/06	06/01/24	\$ 11,770	\$ 11,770
Construction of Juvenile Detention Facility, installments ranging from \$345 to \$815	3.90-5.00	6/19/98	07/01/25	13,200	11,085
Total				<u>\$ 24,970</u>	<u>\$ 22,855</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – LONG-TERM LIABILITIES (Continued)

The following is a schedule of total debt service requirements to maturity as of June 30, 2006 for certificates of participation:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2007	\$ 855	\$ 1,029
2008	890	993
2009	930	955
2010	965	915
2011	1,000	872
2012-2016	5,700	3,654
2017-2021	7,085	2,230
2022-2026	5,430	566
Total	\$ 22,855	\$ 11,214

Redevelopment Agency Loans Payable

During the year ending June 30, 2004, the Redevelopment Agency of Placer County (the Agency) entered into a loan agreement with the California Housing Finance Agency (CHFA) in the amount of \$1,500. The loan has an interest rate of 3% per annum and matures on October 2, 2012. No repayment is due until the maturity date. Draws by the Agency in the amount of \$899 consist of loans to the Affordable Housing Development Corporation (AHDC) for predevelopment costs on three multifamily projects: \$545 for the Cedar Grove Project in the North Tahoe Project Area; additional advance of \$150 to the Silverbend Project in the North Auburn Project Area; and \$204 for the Cimmeron Ridge Project, which is no longer a viable project. The Cedar Grove and Silverbend projects will potentially contribute up to 252+ units of affordable rental housing in the County.

During the year ended June 30, 2005, the Agency entered into a loan agreement with Wells Fargo Bank for \$500. The loan has an interest rate of 2% per annum and matures on September 7, 2009. No repayment is due until the maturity date.

During the year ended June 30, 2006, the Agency entered into a loan agreement with the California Infrastructure and Economic Development Bank (CIEDB) in the amount of \$312. The loan has an interest rate of 3.05% per annum and matures on August 1, 2034. The proceeds were used for the construction of the Brook Avenue parking lot, which was completed during the year.

COUNTY OF PLACER, CALIFORNIA
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NOTE 7 – LONG-TERM LIABILITIES (Continued)

Securitization Loan Payable

In accordance with GASB Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, the Gold Country Settlement Funding Corporation (the Corporation) has been included in the basic financial statements as a blended component unit of the County. The Corporation initially borrowed from the California County Tobacco Securitization Agency (the Securitization Agency) the proceeds of the Series 2002 Tobacco Settlement Asset-Backed Bonds (Series 2002 Bonds) issued by the Securitization Agency for \$41,590. During the fiscal year ended June 30, 2006, the Securitization Agency issued \$59,372 in Series 2006 Tobacco Settlement Asset-Backed Bonds (Series 2006 Bonds), with interest rates ranging from 5.25% to 5.83%, the proceeds of which were used to advance refund the Series 2002 Bonds. Loan payments will be funded by future tobacco settlement revenues. The Securitization Agency bonds mature in June 2046.

In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Securitization debt, neither the Securitization Agency, or the County, nor the Corporation has any liability to make up any such shortfall.

The following is a schedule of total debt service requirements to maturity as of June 30, 2006 for the Corporation's loan payable. Debt service requirements are based on various assumptions, including the timing of tobacco settlement revenues. The loan is subject to mandatory redemption prior to the stated maturity dates based on amounts available in the Turbo Redemption Account on June 1 and December 1.

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2007	\$ 102	\$ 2,369
2008	264	2,395
2009	274	2,414
2010	282	2,435
2011	287	2,458
2012-2016	3,213	13,681
2017-2021	2,997	15,154
2022-2026	3,501	18,124
2027-2031	2,510	18,673
2032-2036	8,187	14,826
2037-2041	15,730	8,362
2042-2046	22,025	3,599
Total	\$ 59,372	\$ 104,490

COUNTY OF PLACER, CALIFORNIA
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NOTE 7 – LONG-TERM LIABILITIES (Continued)

A summary of changes in long-term liabilities in governmental activities is as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
Compensated absences	\$ 12,017	\$ 3,717	\$ (3,206)	\$ 12,528	\$ 3,569
Self insurance liability (Note 12)	27,629	1,685	(5,616)	23,698	6,246
Capital lease obligations (Note 8)	1,063	452	(323)	1,192	425
Securitization loan	39,955	59,372	(39,955)	59,372	102
Original issuance discount	-	(1,459)	-	(1,459)	-
Deferred amount on refunding	-	(1,742)	-	(1,742)	-
Redevelopment Agency loans payable	1,399	312	-	1,711	7
Certificates of participation	24,060	11,770	(12,975)	22,855	855
Deferred amount on refunding	<u>-</u>	<u>(332)</u>	<u>-</u>	<u>(332)</u>	<u>-</u>
Total	<u>\$ 106,123</u>	<u>\$ 73,775</u>	<u>\$ (62,075)</u>	<u>\$ 117,823</u>	<u>\$ 11,204</u>

Advance Refunding

Certificates of Participation

On May 17, 2006, the Financing Authority, a blended component unit of the County, issued \$11,770 of Certificates of Participation – 2006 Administrative and Emergency Services Building Refinancing Project with interest rates ranging from 4.00% - 4.50%. The net proceeds of \$11,463 (after the payment of \$325 in underwriting fees, insurance, and other issuance costs) along with \$1,086 of cash previously held in reserve for future debt service, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Certificates of Participation. As a result, the 1997 Certificates of Participation are considered to be defeased and the related liability has been removed from the government-wide statement of net assets. The advance refunding was undertaken to reduce the County's total debt service payments over the next 18 years by \$1,312 and to obtain an economic gain (the difference between the present values of the old and the new debt service payments) of \$555.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – LONG-TERM DEBT (Continued)

Securitization Loan

On May 19, 2006 the Securitization Agency issued \$59,372 of Series 2006 Bonds for the purpose of loaning bond proceeds to the Corporation to securitize eight additional years of tobacco settlement receipts by advance refunding the Series 2002 Bonds issued by the Agency for the benefit of the Corporation. The net proceeds of \$57,913 along with \$5,788 of cash previously held in reserve for future debt service, were used to pay costs of issuance and related fees of \$1,013; fund a debt service reserve of \$5,064; deposit \$1,181 to set aside the necessary funds to pay interest on the Series 2006 Bonds due on December 1, 2006; pay accrued interest and principal, as a turbo redemption payment, on the Series 2002 Bonds of \$1,178 and \$275, respectively; purchase \$41,422 of U.S. government securities and deposit those funds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2002 Bonds; and the remaining \$13,568 was loaned to the Corporation by the Securitization Agency under an amended and restated loan agreement to fund various capital projects occurring within the County. As a result, the Series 2002 Bonds are considered to be defeased and the related liability has been removed from the government-wide statement of net assets.

The Series 2006 Bonds were issued at a true interest cost of approximately 5.60%, and replaced the Series 2002 Bonds that were issued at a true interest cost of 6.05%. The 2006 Bonds extended the stated maturity of the Series 2002 Bonds from 2038 to 2046. From a cash flow perspective, the nominal debt service on the Series 2002 Bonds and Series 2006 Bonds was \$95,264 and \$103,454, respectively, a change in cash flow of \$8,190. The present value of the debt service requirements on the Series 2002 Bonds and Series 2006 Bonds is \$42,812 and \$42,778, respectively. When comparing the present value of the debt service requirements on the Series 2002 Bonds and the Series 2006 Bonds related to the refunding, the present value savings, or economic gain, is \$34.

Prior Year Defeasance

On June 1, 1998, the County issued \$13,200 in Certificates of Participation with an average interest rate of 4.7% to finance the cost of constructing a juvenile detention facility and to advance refund \$4,430 of outstanding 1994 Certificates of Participation with an average interest rate of 6.6%. Proceeds from the 1998 Certificates of Participation were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Certificates of Participation. As a result, the 1994 Certificates of Participation are considered defeased and the related liability is not reported in the government-wide statement of net assets. As of June 30, 2006, \$3,625 of the 1994 Certificates of Participation was outstanding.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 7 – LONG-TERM DEBT (Continued)

Business-Type Activities

A summary of bonds outstanding for business-type activities as of June 30, 2006 is as follows:

<u>Purpose/Installments</u>	<u>Interest Rate %</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Amount of Original Issue</u>	<u>Outstanding as of June 30, 2006</u>
Construction of Sewer Collection and Treatment Plant, installments ranging from \$6 to \$8	5.00	12/1/69	1/1/09	\$ 122	\$ 23
Finance closure and post closure costs at Eastern Regional Landfill, installments ranging from \$260 to \$375	3.70-5.00	7/1/97	1/1/12	4,170	2,000
Total				<u>\$ 4,292</u>	<u>\$ 2,023</u>

The following is a schedule of total debt service requirements to maturity as of June 30, 2006 for the outstanding bonds:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 302	\$ 98
2008	318	84
2009	333	69
2010	340	53
2011	355	37
2012	375	19
Total	<u>\$ 2,023</u>	<u>\$ 360</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 7 – LONG-TERM DEBT (Continued)

A summary of changes in long-term debt in business-type activities is as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
1976 sewer and water bonds payable	\$ 29	\$ -	\$ (6)	\$ 23	\$ 6
1997 revenue bonds payable	2,285	-	(285)	2,000	295
Capital lease obligations (Note 8)	468	-	(178)	290	190
Landfill postclosure liability (Note 13)	4,944	-	(125)	4,819	-
Compensated absences	546	87	(320)	313	89
Total	<u>\$ 8,272</u>	<u>\$ 87</u>	<u>\$ (914)</u>	<u>\$ 7,445</u>	<u>\$ 580</u>

Special Assessment Debt

The total matured and unmatured bonds outstanding related to special assessment debt is \$21,872 as of June 30, 2006. The County acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The County is not liable for repayment of the special assessment debt, and accordingly, they are not reflected in the accompanying basic financial statements. Cash held on deposit and corresponding amounts payable are reported in an Agency Fund.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current fiscal year, the County performed calculations of excess investment earnings on various bonds and financings and, at June 30, 2006, does not expect to incur a liability.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 – LEASE OBLIGATIONS

Capital Leases

The County has entered into lease agreements as the lessee for financing the acquisition of administrative buildings, fire trucks, construction equipment and vehicles. The related assets and obligations have been recorded using the County's incremental borrowing rate at the inception of leases. The leases expire at various dates through 2009-2010.

Capital assets and accumulated depreciation held under capital leases are as follows:

	Governmental Activities	Business-type Activities	Total
Equipment	\$ 1,919	\$ -	\$ 1,919
Buildings and improvements	-	1,331	1,331
Total	1,919	1,331	3,250
Less accumulated depreciation	(261)	(233)	(494)
Net capital assets	<u>\$ 1,658</u>	<u>\$ 1,098</u>	<u>\$ 2,756</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

Year ending June 30,	Governmental Activities	Business-type Activities
2007	\$ 519	\$ 206
2008	446	103
2009	303	-
2010	106	-
Total minimum lease payments	1,374	309
Less amount representing interest	(182)	(19)
Total	<u>\$ 1,192</u>	<u>\$ 290</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 – LEASE OBLIGATIONS (Continued)

Operating Leases

The County leases real estate and equipment under cancelable and noncancelable operating leases. Future minimum rental payments under operating leases with initial or remaining noncancelable lease terms in excess of one year as of June 30, 2006 are summarized as follows:

Year Ending June 30,		
2007	\$	3,166
2008		2,838
2009		2,777
2010		2,616
2011		1,380
2012-2016		3,199
2017-2021		33
	<u>\$</u>	<u>16,009</u>

Rents for all such leases have been recorded in the General Fund. Total rental expenditures under operating leases for the fiscal year ended June 30, 2006 were \$3,246.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN

Plan Description

All full and part-time permanent County employees and certain extra help employees who have worked over 1,000 hours in a fiscal year are eligible to participate in the California Public Employees Retirement System (CalPERS). Elected officials may also participate at their option. Per diem employees and extra help employees working less than 1,000 hours in a fiscal year are excluded. Benefits vest after five years of service. To be eligible for retirement an employee must be at least 50 years of age and have five years of CalPERS credited service. Safety employees who retire at age 50 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the last consecutive 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%. Miscellaneous employees who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their average monthly pay rate for the last consecutive 12 months of employment. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are prescribed within a contract between the County and CalPERS.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 9 – EMPLOYEES’ RETIREMENT PLAN (Continued)

The County contributes to CalPERS, an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS’ annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

Funding Policy

Employees under the Miscellaneous Plan are required to contribute 8% and employees under the Safety Plan are required to contribute 9% of covered salary to CalPERS. The County is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2006, the employer contribution rate was 13.776% for the Miscellaneous Plan and 26.960% for the Safety Plan. The County, as part of its compensation to employees, pays all of the employees' contributions, except 1%, in addition to its own.

Annual Pension Cost

For the fiscal year ended June 30, 2006, the County's annual pension cost of \$31,795 for CalPERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included the following for both the Miscellaneous and Safety Plan, (a) a rate of return on investments (net of administrative expenses) of 7.75%, (b) inflation of 3.0%, and (c) projected salary increases of 3.25% to 14.45% for the Miscellaneous Plan and 3.25% to 13.15% for the Safety Plan, with a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the County's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period for the Miscellaneous Plan and the Safety Plan at June 30, 2003 was 18 years and 16 years, respectively.

Three-Year Trend Information

Fiscal Year-End	Miscellaneous Plan		Safety Plan	
	Annual Pension Cost (APC)	Percentage of APC Contributed	Annual Pension Cost (APC)	Percentage Of APC Contributed
2004	\$ 10,246	100%	\$ 5,982	100%
2005	19,013	100%	8,510	100%
2006	22,944	100%	8,851	100%

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 10 – OTHER POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 9, the County provides postretirement healthcare benefits to its retirees under two plans. In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. As of June 30, 2006, there were 947 retirees receiving healthcare benefits. In accordance with County negotiated employee benefits, retired employees may elect to apply up to eight hours of accrued sick leave toward one month's healthcare coverage. The County's contribution is equal to current employee rates. As of June 30, 2006, 211 employees had made this election. Expenditures for postretirement healthcare benefits relating to both of these plans are recognized as monthly premiums are paid and are financed on a pay-as-you-go basis. During the fiscal year, expenditures of \$5,920 were recognized for postretirement healthcare benefits.

NOTE 11 – CONTINGENT LIABILITIES

The County is a defendant in a number of lawsuits and has other claims pending, some of which seek substantial money damages. Some claims may not be covered under the County's excess liability insurance policy; however, management is of the opinion that the potential liability would not have a significant adverse effect on the County's financial position.

The County participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by grantors or their representatives. Some audits of these programs for or including the fiscal year ended June 30, 2006 have not been concluded. Accordingly, the County's compliance with applicable grant requirements is yet to be established. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the County's management does not expect such amounts, if any, to be material.

NOTE 12 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The Self-Insurance Internal Service Fund accounts for and finances the County's risks of loss. Under these programs, the County is self-insured for the following risks up to the maximum amount per claim as follows: Workers' Compensation, \$125; General Liability, \$500; Dental and Vision Care, \$1. Except for general liability, the County purchases commercial insurance for claims in excess of the preceding coverage amounts and for all other risks of loss.

For general liability claims, the County is a participant in the California State Association of Counties - Excess Insurance Authority (CSAC) excess liability insurance program. The County covers the first \$1,000 of claims. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Commercial insurance covers claims between \$1,000 and \$25,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 12 – RISK MANAGEMENT (Continued)

The County's Transit Enterprise Fund is self-insured for public liability and property damage up to \$100 per occurrence. Claims between \$100 and \$500 are insured through the California Transit Systems Joint Powers Insurance Authority (CaTIP), a joint powers agency risk sharing pool, established in 1987 to provide an independently managed self-insurance program for member transit operators. The purpose of CaTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. Claims in excess of the pool limit are covered by excess insurance purchased by CaTIP up to \$10,000 per occurrence. The Transit Enterprise Fund has not settled any claims exceeding the risk-pool limit of \$500 per occurrence for any of the past three fiscal years. The Transit Enterprise Fund has the following forms of coverage through CaTIP: bodily injury liability, property damage liability; public officials error and omissions liability; personal injury liability and collision and comprehensive coverage.

All County funds participate in the self-insurance programs and make payments to the Self Insurance Internal Service Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims (including future claim adjustment expenses), and to allow accrual of estimated incurred but not reported claims. The total historical cost and/or actuarially determined claims liability at June 30, 2006 is \$23,698 consisting of \$12,970 for Workers Compensation, and \$10,728 for General Liability. Changes in the Self Insurance Fund claims liabilities during the fiscal years ended June 30, 2006 and 2005 were as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claims Payments	Balance June 30
2004-2005	\$ 22,758	\$ 11,095	\$ (6,224)	\$ 27,629
2005-2006	27,629	1,331	(5,262)	23,698

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2006, are based on requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and GASB Statement No. 30, *Risk Financing Omnibus*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon an 80% confidence level. The County contracts with independent actuaries to compute the estimated liabilities for the County's self-insurance programs. The liability for unpaid claims for workers' compensation and general liability is discounted to reflect estimated net present value assuming a 3.0% interest rate. While the ultimate losses incurred through June 30, 2006 are dependent on future developments, based upon information provided by County Counsel and others involved with the administration of these programs, the County's management believes that the aggregate accrual is adequate to cover such losses.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 13 - COUNTY SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE
CARE COST**

The County accounts for solid waste landfill postclosure costs based on the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. State and federal laws and regulations require the County to place a final cover on its Eastern Regional landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County closed the landfill during the 1995-1996 fiscal year. The landfill postclosure care liability of \$4,819 at June 30, 2006, represents the cumulative amount reported to that date based on the use of 100% of the estimated capacity of the landfill. Actual costs may be higher due to change in estimated inflation, deflation, changes in technology, or changes in applicable laws and regulations.

The County is required by state and federal regulations to make deposits to its postclosure maintenance fund to finance postclosure care costs. The County has restricted cash and investments for the payment of postclosure care costs in the amount of \$660 as of June 30, 2006.

NOTE 14 - JOINT VENTURE

The County, in conjunction with the City of Roseville and the South Placer Municipal Utility District, has formed the South Placer Wastewater Authority (the Authority) on October 1, 2000 to provide for the planning, financing, acquisition, ownership, construction and operation of the Regional Wastewater Facilities (Facilities). The County's ongoing financial responsibility is for the payment of their proportionate share of the operational and maintenance costs of the Facilities. The County does not have any equity interest in the Authority and, as of June 30, 2006, the County does not expect any additional financial benefit or financial burden from the Authority. The Authority's fund equity as of June 30, 2005 was \$1.3 million (information at June 30, 2006 was not yet available at the time of the County's publication). Complete audited financial statements for the South Placer Wastewater Authority can be obtained from the Authority's offices at 2005 Hilltop Circle, Roseville, CA 95747.

On January 10, 2006, the County and the Placer County Water Agency (Water Agency) pursuant to a joint exercise of powers agreement formed the Middle Fork Project Finance Authority (Middle Fork Authority). The Middle Fork Authority was established to serve the mutual interests of the County and the Water Agency, to provide for the financing of studies, programs, procedures, projects, services, improvements, modifications, and other costs that may be required in order for the Water Agency to obtain a new Federal Energy Regulatory Commission license, which is set to expire in February 2013, to continue operating the Middle Fork Hydroelectric Project (MFP). Currently, the Water Agency operates the MFP pursuant to the provisions of an existing power purchase contract with PG&E, which is set to expire in February 2013. The Middle Fork Authority is governed by a 4 member board of directors. The board of directors is comprised of 2 members who are appointed by the County Board of Supervisors and 2 members who are appointed by the Board of Directors of the Water Agency. The County has an ongoing financial interest in the Middle Fork Authority. In March 2013, at the expiration of the current power purchase contract with PG&E, the Middle Fork Authority will assume the role of fulfilling the obligations of the County and the Water Agency to approve any future electrical energy sales or contract and to approve the expenditure of funds received from the sale of electrical energy from the MFP. The County will be entitled to an equal distribution of the revenue from the energy sales after the Middle Fork Authority's funding of the basic operations and maintenance of the MFP and any capital additions or betterments to the MFP.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with Alpine, El Dorado, Nevada and Sierra counties, has created Golden Sierra Job Training Agency, the purpose of which is to develop and implement a public and private employer's job training program under which local employment needs and goals will be determined and training and employment programs will be planned, developed, and administered. The Golden Sierra Job Training Agency is funded through grants by the federal and state governments. The County has no equity interest in Golden Sierra Job Training Agency and no ongoing financial responsibility.

The County, in conjunction with the Cities of Roseville, Rocklin, and Lincoln, has formed Western Placer Waste Management Authority, the purpose of which is to acquire, own, operate and maintain a sanitary landfill site and all related improvements. The County has no equity interest in Western Placer Waste Management Authority and no ongoing financial responsibility.

The County is a participant with the counties of Nevada, Sutter, Yolo and Yuba to develop and operate Sierra-Sacramento Valley Emergency Medical Services Agency (the Agency). The Agency was developed to coordinate the provision of emergency medical services and to conduct various other specifically designated functions. The County has no equity interest in the Agency and no ongoing financial responsibility.

**NOTE 16 – RECLASSIFICATION AND RESTATEMENT OF FUND
BALANCES/NET ASSETS**

During the year ended June 30, 2006, the County evaluated its governmental and agency funds and made numerous fund reclassifications to more appropriately classify and report the funds based upon their operating activities. The County also restated its beginning fund balance for the General Fund due to the improper deferral of revenues, as well as, Other Governmental Funds due to a change in the accounting for long-term notes receivable by increasing fund balance and reserving a portion representative of amounts that are not available for appropriation. The impact of the restatements on beginning fund balances from amounts previously reported is presented below:

Governmental Funds:

	<u>General Fund</u>	<u>Public Safety</u>	<u>Road</u>
Fund balances, June 30, 2005, as previously Reported	\$ 106,668	\$ 9,880	\$ 44,160
Fund restatements:			
Recognition of revenues previously deferred	1,036	85	433
Fund reclassifications	<u>12,909</u>	<u>132</u>	<u>-</u>
Fund balances, July 1, 2005, as restated	<u>\$ 120,613</u>	<u>\$ 10,097</u>	<u>\$ 44,593</u>

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 – RECLASSIFICATION AND RESTATEMENT OF FUND
BALANCES/NET ASSETS (Continued)**

	<u>Capital Improve- ments</u>	<u>Public Facilities Fees</u>	<u>Other Governmental Funds</u>
Fund balances, June 30, 2005, as previously Reported	\$ 99,914	\$ -	\$ 49,981
Fund restatements: Change in accounting for long-term notes receivable	-	-	1,191
Fund reclassifications	<u>(78,546)</u>	<u>78,546</u>	<u>(1,760)</u>
Fund balances, July 1, 2005, as restated	<u>\$ 21,368</u>	<u>\$ 78,546</u>	<u>\$ 49,412</u>

Governmental Activities:

Beginning net assets for governmental activities was restated and increased \$6,477 from the amount previously reported of \$502,622, as of June 30, 2005, as a result of the fund reclassifications and fund restatements.

Business-type Activities and Proprietary Funds:

The business-type activities and the Transit Enterprise Fund increased its beginning net assets by \$92 representing the elimination and write-off of an outstanding accounts receivable. As a result, beginning net assets as of July 1, 2005 for the business-type activities and the Transit Enterprise Fund are \$121,991 and \$11,129, respectively.

NOTE 17 – SUBSEQUENT EVENT

On July 20, 2006, the Redevelopment Agency issued three separate issues of tax allocation bonds, which include the North Lake Tahoe Redevelopment Project, 2006 Series A in the principal amount of \$15,765, the North Auburn Redevelopment Project, Series B in the principal amount of \$3,520 and Housing Projects, Series C, in the principal amount of \$5,865. Proceeds from the sale of the bonds will be used to finance the redevelopment activities within and for the benefit of the North Lake Tahoe and North Auburn redevelopment project areas and to finance low and moderate income housing activities of the Redevelopment Agency.

**COUNTY OF PLACER, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 18– NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The County has been and continues to analyze its accounting practices to determine the potential impact on the financial statements for the following GASB statement:

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require the County to fund its OPEB plan. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. This statement is effective for the County's fiscal year ending June 30, 2008.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF PLACER, CALIFORNIA
SCHEDULES OF FUNDING PROGRESS – HISTORICAL PENSION DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(AMOUNTS EXPRESSED IN THOUSANDS)
UNAUDITED

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	(Over) Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2003	\$ 334,905	\$ 380,650	\$ 45,745	88.0%	\$ 109,084	41.9%
2004	358,677	425,419	66,742	84.3%	111,814	59.7%
2005	401,598	478,476	76,878	83.9%	112,677	68.2%

Safety Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	(Over) Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2003	\$ 100,264	\$ 127,142	\$ 26,878	78.9%	\$ 20,893	128.6%
2004	109,479	140,661	31,182	77.8%	21,330	146.2%
2005	121,513	159,444	37,931	76.2%	23,311	162.7%

The actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2005 are obtained from CalPERS' annual actuarial report.

County of Placer, California

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2006 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 107,536	\$ 107,731	\$ 143,906	\$ 36,175
Licenses and permits	8,371	8,499	8,011	(488)
Fines, forfeitures and penalties	9,439	9,488	9,671	183
Use of money and property	2,967	2,967	6,032	3,065
Intergovernmental	122,702	134,504	114,985	(19,519)
Charges for services	30,949	31,995	34,071	2,076
Contributions and donations	16	33	193	160
Miscellaneous	2,646	2,763	1,132	(1,631)
Total revenues	284,626	297,980	318,001	20,021
Expenditures				
Current:				
General government:				
Board of Supervisors	1,605	1,605	1,484	121
Clerk of the Board	529	529	490	39
County Executive Office	4,992	4,992	4,488	504
Community and Agency Support	3,069	3,541	2,070	1,471
Administrative Services	9,047	9,047	7,284	1,763
Auditor-Controller	3,962	3,962	3,581	381
Treasurer-Tax Collector	3,061	3,042	2,571	471
County Counsel	2,939	2,939	2,627	312
Personnel	2,412	2,422	2,285	137
Employee Benefits	3,062	3,062	2,445	617
Organization Development Division	769	769	539	230
Building Maintenance	5,966	5,966	5,131	835
Economic Development	1,177	1,259	996	263
Assessor	7,863	7,857	7,004	853
Other	22,538	22,027	7,853	14,174
Total general government	72,991	73,019	50,848	22,171
Public protection:				
Criminal Justice	9,367	9,367	8,375	992
Child Support Services	6,453	6,453	6,134	319
Agricultural Commission-Sealer	1,513	1,513	1,377	136
County Clerk-Recorder	8,188	8,164	6,816	1,348
Emergency Services	2,341	2,341	1,197	1,144
Planning Department	9,922	8,526	4,931	3,595
Building Inspection	5,334	5,992	4,875	1,117
Community Development Resource Agency	667	1,722	1,451	271
National Pollutant Discharge Elimination System	-	335	294	41
Domestic Animal Control	2,481	2,557	2,177	380
Other	614	614	360	254
Total public protection	46,880	47,584	37,987	9,597

The note to the required supplementary information is an integral part of this statement.

County of Placer, California

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)

For the Fiscal Year Ended June 30, 2006

(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public assistance:				
Human Services	19,126	20,650	19,527	1,123
Client and Program Aid	28,856	30,589	30,195	394
Veteran's Services	285	310	307	3
Total public assistance	<u>48,267</u>	<u>51,549</u>	<u>50,029</u>	<u>1,520</u>
Health and sanitation:				
Health Services	<u>71,403</u>	<u>78,785</u>	<u>74,392</u>	<u>4,393</u>
Recreation and cultural services:				
Other	<u>4,129</u>	<u>4,033</u>	<u>3,503</u>	<u>530</u>
Education:				
Other	<u>277</u>	<u>277</u>	<u>265</u>	<u>12</u>
Debt service:				
Principal	16	16	15	1
Capital outlay	<u>2,005</u>	<u>2,360</u>	<u>428</u>	<u>1,932</u>
Total expenditures	<u>245,968</u>	<u>257,623</u>	<u>217,467</u>	<u>40,156</u>
Excess of revenues over expenditures	<u>38,658</u>	<u>40,357</u>	<u>100,534</u>	<u>60,177</u>
Other Financing Sources (Uses)				
Transfers in	2,000	1,236	1,135	(101)
Transfers out	<u>(80,584)</u>	<u>(101,679)</u>	<u>(88,181)</u>	<u>13,498</u>
Total other financing sources (uses)	<u>(78,584)</u>	<u>(100,443)</u>	<u>(87,046)</u>	<u>13,397</u>
Net change in fund balance	<u>\$ (39,926)</u>	<u>\$ (60,086)</u>	13,488	<u>\$ 73,574</u>
Fund balances, beginning of year, as restated			<u>120,613</u>	
Fund balances, end of year			<u>\$ 134,101</u>	

The note to the required supplementary information is an integral part of this statement.

County of Placer, California

**Public Safety Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Licenses and permits	\$ 43	\$ 43	\$ 21	\$ (22)
Fines, forfeitures and penalties	256	270	269	(1)
Use of money and property	-	-	263	263
Intergovernmental	43,431	44,334	43,493	(841)
Charges for services	5,268	5,268	4,772	(496)
Contributions and donations	-	-	81	81
Miscellaneous	860	890	464	(426)
Total revenues	<u>49,858</u>	<u>50,805</u>	<u>49,363</u>	<u>(1,442)</u>
Expenditures				
Current:				
Public protection:				
Sheriff-Coroner-Marshall	69,669	69,571	67,290	2,281
Probation Officer	17,145	17,145	15,638	1,507
District Attorney	15,227	15,279	13,840	1,439
Total public protection	<u>102,041</u>	<u>101,995</u>	<u>96,768</u>	<u>5,227</u>
Debt service:				
Principal	-	20	224	(204)
Interest and fiscal charges	-	8	67	(59)
Capital outlay	3,771	5,018	1,905	3,113
Total expenditures	<u>105,812</u>	<u>107,041</u>	<u>98,964</u>	<u>8,077</u>
Deficiency of revenues under expenditures	<u>(55,954)</u>	<u>(56,236)</u>	<u>(49,601)</u>	<u>6,635</u>
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	300	513	452	(61)
Proceeds from sale of capital assets	35	35	332	297
Transfers in	48,922	48,892	48,807	(85)
Transfers out	(508)	(508)	(163)	345
Total other financing sources (uses)	<u>48,749</u>	<u>48,932</u>	<u>49,428</u>	<u>496</u>
Net change in fund balance	<u>\$ (7,205)</u>	<u>\$ (7,304)</u>	<u>(173)</u>	<u>\$ 7,131</u>
Fund balances, beginning of year, as restated			10,097	
Fund balances, end of year			<u>\$ 9,924</u>	

The note to the required supplementary information is an integral part of this statement.

County of Placer, California

Road Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,263	\$ 2,263	\$ 2,322	\$ 59
Licenses and permits	70	70	80	10
Fines, forfeitures and penalties	-	-	965	965
Use of money and property	350	350	1,305	955
Intergovernmental	26,614	26,614	19,649	(6,965)
Charges for services	14,332	14,332	6,309	(8,023)
Contributions and donations			429	429
Miscellaneous	40	40	21	(19)
Total revenues	<u>43,669</u>	<u>43,669</u>	<u>31,080</u>	<u>(12,589)</u>
Expenditures				
Current:				
Public ways and facilities:				
Road maintenance	13,825	13,742	13,910	(168)
Engineering	37,409	37,389	13,775	23,614
Total public ways and facilities	<u>51,234</u>	<u>51,131</u>	<u>27,685</u>	<u>23,446</u>
Debt service:				
Principal	100	100	56	44
Interest and fiscal charges	5	5	4	1
Capital outlay	<u>7,145</u>	<u>7,228</u>	<u>2,023</u>	<u>5,205</u>
Total expenditures	<u>58,484</u>	<u>58,464</u>	<u>29,768</u>	<u>28,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,815)</u>	<u>(14,795)</u>	<u>1,312</u>	<u>16,107</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	30	30	20	(10)
Transfers in	5,771	5,771	6,311	540
Transfers out	(250)	(250)	(1,027)	(777)
Total other financing sources (uses)	<u>5,551</u>	<u>5,551</u>	<u>5,304</u>	<u>(247)</u>
Net change in fund balance	<u>\$ (9,264)</u>	<u>\$ (9,244)</u>	<u>6,616</u>	<u>\$ 15,860</u>
Fund balances, beginning of year, as restated			<u>44,593</u>	
Fund balances, end of year			<u>\$ 51,209</u>	

The note to the required supplementary information is an integral part of this statement.

**COUNTY OF PLACER, CALIFORNIA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 1 – BUDGETARY AND LEGAL COMPLIANCE

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are governed by the adopted proposed budget approved by the Board of Supervisors.

A balanced operating budget is adopted each fiscal year for the General, Special Revenue, Capital Projects, Debt Service, Enterprise and Internal Service Funds, except for Public Facilities Fees and Park Dedication Fees Capital Projects Funds and the Placer County Public Finance Authority and Gold Country Settlement Corporation Debt Service Funds. The budget is adopted on a modified accrual basis for the General, Special Revenue, Capital Projects and Debt Service Funds including encumbrances to reflect estimated revenues and expenditures. For the purposes of a budgetary presentation, actual GAAP expenditures have been adjusted to include current year encumbrances. The budget is adopted on an accrual basis for Enterprise and Internal Service Funds. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated sources, or from anticipated sources, but in excess of estimates thereof. Management cannot amend the budget without the Board's approval. Budget amounts reported in the accompanying basic financial statements reflect the original budget and the final budget, as amended. All unencumbered budget appropriations lapse at the end of the fiscal year.

The legal level of budgetary control is exercised at the budget unit (departmental) level. Amendments and transfers of appropriations between budget units or that involves the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make adjustments of appropriations, at their discretion, within or between objects within the same budget unit. For the fiscal year ended June 30, 2006, there were no expenditures in excess of the adopted appropriations.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Amounts remaining encumbered at year-end are reappropriated and honored during the subsequent year until expended or canceled. The results of operations presented for budgetary purposes for the General Fund and major Special Revenue Funds include the effects of both expenditures and encumbrances. Encumbrances at year-end are reported as reservations of fund balances on a GAAP basis.



NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

<u>Community Services Fund</u>	This fund is used to account for the community services block grant and Section 8 housing programs.
<u>Community Revitalization Fund</u>	This fund is used to account for tax sharing revenues and community development block grants that are used to fund and sustain the County's redevelopment activities.
<u>Special Aviation Fund</u>	This fund is used to account for federal airport and other revenues and expenditures for the provision of capital improvements and equipment maintenance at the Blue Canyon Airport.
<u>Gold Country Tourism and Promotions</u>	This fund is used to account for transient occupancy taxes and other revenues collected on the western slope of the Sierra Nevada Mountains within Placer County and their expenditure to encourage tourism and business development in that area.
<u>Fish and Game Fund</u>	This fund is used to account for fines and forfeitures received under Section 13003 of the Fish and Game Code and their expenditure for the propagation and conservation of fish and wildlife.
<u>Lake Tahoe Tourism and Promotions</u>	This fund is used to account for taxes and other revenues collected in the North Lake Tahoe area and their expenditure to fund marketing, promotions, visitor services, public improvements and infrastructure projects in the North Lake Tahoe area.
<u>Open Space Fund</u>	This fund is used to account for revenues and expenditures used to implement strategies to preserve land resources, and further open space and natural resource goals of Placer County.
<u>County Library Fund</u>	This fund is used to account for taxes and other revenues collected throughout the County, excluding the cities of Roseville and Lincoln, which are restricted to fund the operation of libraries within those areas.
<u>Fire Control Fund</u>	This fund is used to account for revenues and expenditures of funds earmarked for fire protection services in the unincorporated areas of the County.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

Lighting Districts Fund

This fund is used to account for taxes, assessments and other revenues collected in specific areas of the County, which are restricted to fund street lighting in the unincorporated areas of the County.

County Service Areas Fund

This fund is used to account for taxes, assessments and other revenues collected in specific areas of the County which are restricted to fund a County Service Area which provides services such as landscaping, flood control, parks and recreation, and drainage or to pay down debt incurred for public improvements in specific service areas of County-governed Special Districts.

Redevelopment Agency Housing Fund

This fund is used to account for tax sharing revenues and other revenues used to fund the County's redevelopment activities.

IHSS Public Authority

This fund was established to account for the activities provided by the In-Home Support Services (IHSS) Public Authority.

Capital Projects Fund

Redevelopment Agency Economic Development Fund

This fund was established to account for resources used for acquisition and construction of major capital facilities within County redevelopment areas

Capital Projects Securitization Fund

This fund was established to account for the financial resources resulting from the sale of the County's rights to future tobacco settlement payments. Use of the funds is restricted to the acquisition and construction of specific major capital facilities.

Parks Dedication

This fund is used to account for developer fees which are used to build parks in the County.

Debt Service Fund

Certificates of Participation Fund

This fund is used to account for accumulation of resources for, and payment of, principal and interest on the County's outstanding 1998 Administration and Emergency Services Building Refinancing – Certificates of Participation and the 1997 – Juvenile Detention Facilities – Certificates of Participation. Amounts are transferred into this fund from the various funding sources before payments are made.

Placer County Public Financing Authority

This fund is used to account for the accumulation of resources for, and payment of, principal and interest on the 2006 Certificates of Participation.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Gold Country Settlement Corporation

This fund is used to account for the activity associated with the Series 2006 Tobacco Settlement Asset-Backed Bonds issued by the Corporation to securitize future tobacco settlement receipts.

Permanent Fund

Tahoe City Endowment Fund

This fund is used to account for resources that are held by the County which are legally restricted to the extent that only earnings may be used for purposes that support Tahoe City programs.

County of Placer, California

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006
(amounts expressed in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Tahoe City Endowment Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 28,276	\$ 27,041	\$ 80	\$ 20	\$ 55,417
Restricted cash and investments	-	-	7,921	-	7,921
Receivables (net):					
Accounts	481	-	1,465	-	1,946
Interest	152	158	-	-	310
Notes	3,277	-	-	-	3,277
Due from other funds	9	16	-	-	25
Due from other governments	975	34	-	-	1,009
Prepaid items	147	1	-	-	148
Total assets	\$ 33,317	\$ 27,250	\$ 9,466	\$ 20	\$ 70,053
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,426	\$ 137	\$ -	\$ -	\$ 1,563
Due to other funds	526	-	-	-	526
Deposits from others	17	-	-	-	17
Deferred revenue	3,220	-	-	-	3,220
Advances from other funds	472	-	-	-	472
Total liabilities	5,661	137	-	-	5,798
Fund balances					
Reserved for:					
Encumbrances	4,062	245	-	-	4,307
Notes receivable	268	-	-	-	268
Prepaid items	147	1	-	-	148
Imprest cash	1	-	-	-	1
Debt service	-	-	9,458	-	9,458
Endowment	-	-	-	15	15
Unreserved, designated for:					
Capital asset acquisition and improvements	11,699	2,366	-	-	14,065
Compensated leave	36	14	-	-	50
Contingencies and economic uncertainties	2,647	1,982	-	-	4,629
Other	2,560	-	-	-	2,560
Unreserved, undesignated	6,236	22,505	8	5	28,754
Total fund balances	27,656	27,113	9,466	20	64,255
Total liabilities and fund balances	\$ 33,317	\$ 27,250	\$ 9,466	\$ 20	\$ 70,053

County of Placer, California

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Tahoe City Endowment Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ 12,063	\$ 4,134	\$ -	\$ -	\$ 16,197
Fines, forfeitures and penalties	137	-	-	-	137
Use of money and property	755	311	276	1	1,343
Intergovernmental	5,074	131	-	-	5,205
Charges for services	6,414	2,050	-	-	8,464
Contributions and donations	319	-	-	-	319
Tobacco settlement	-	-	2,481	-	2,481
Miscellaneous	55	-	-	-	55
Total revenues	<u>24,817</u>	<u>6,626</u>	<u>2,757</u>	<u>1</u>	<u>34,201</u>
Expenditures					
Current:					
General government	3,669	-	35	-	3,704
Public protection	7,136	35	-	-	7,171
Public assistance	4,229	1,584	-	-	5,813
Health and sanitation	537	-	-	-	537
Public ways and facilities	1,436	-	-	-	1,436
Recreation and cultural services	-	135	-	-	135
Education	4,614	-	-	-	4,614
Debt service:					
Principal	27	-	1,050	-	1,077
Interest and fiscal charges	11	27	3,603	-	3,641
Bond issuance costs	-	-	1,876	-	1,876
Payment to refunded bond escrow agent	-	-	1,089	-	1,089
Capital outlay	479	30,022	-	-	30,501
Total expenditures	<u>22,138</u>	<u>31,803</u>	<u>7,653</u>	<u>-</u>	<u>61,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,679</u>	<u>(25,177)</u>	<u>(4,896)</u>	<u>1</u>	<u>(27,393)</u>
Other Financing Sources (Uses)					
Proceeds from issuance of refunding debt	-	312	71,142	-	71,454
Premium (discount) on refunding debt	-	-	(1,441)	-	(1,441)
Payment to refunded bond escrow agent	-	-	(52,882)	-	(52,882)
Transfers in	3,833	35,152	3,003	-	41,988
Transfers out	(1,936)	(293)	(14,654)	-	(16,883)
Total other financing sources	<u>1,897</u>	<u>35,171</u>	<u>5,168</u>	<u>-</u>	<u>42,236</u>
Net change in fund balances	4,576	9,994	272	1	14,843
Fund balances, beginning of year, as restated	23,080	17,119	9,194	19	49,412
Fund balances, end of year	<u>\$ 27,656</u>	<u>\$ 27,113</u>	<u>\$ 9,466</u>	<u>\$ 20</u>	<u>\$ 64,255</u>

County of Placer, California

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006
(amounts expressed in thousands)**

	Community Services	Community Revitalization Fund	Special Aviation	Gold Country Tourism and Promotions	Fish and Game	Lake Tahoe Tourism and Promotions
Assets						
Cash and investments	\$ 484	\$ 362	\$ 23	\$ 154	\$ 12	\$ 3,643
Receivables (net):						
Accounts	1	-	-	24	-	451
Interest	-	-	-	-	-	-
Notes	-	3,009	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	70	26	-	-	-	-
Prepaid items	118	-	-	-	-	-
Total assets	<u>\$ 673</u>	<u>\$ 3,397</u>	<u>\$ 23</u>	<u>\$ 178</u>	<u>\$ 12</u>	<u>\$ 4,094</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 8	\$ 12	\$ -	\$ -	\$ 1	\$ 160
Due to other funds	-	26	-	-	-	-
Deposits from others	-	-	-	-	-	-
Deferred revenue	207	3,009	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>215</u>	<u>3,047</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>160</u>
Fund balances						
Reserved for:						
Encumbrances	-	47	-	-	-	3,304
Notes receivable	-	-	-	-	-	-
Prepaid items	118	-	-	-	-	-
Imprest cash	-	-	-	-	-	-
Unreserved, designated for:						
Capital asset acquisition and improvements	-	-	-	-	-	-
Compensated leave	-	-	-	-	-	-
Contingencies and economic uncertainties	340	-	14	2	-	205
Other	-	-	-	-	1	7
Unreserved, undesignated	-	303	9	176	10	418
Total fund balances	<u>458</u>	<u>350</u>	<u>23</u>	<u>178</u>	<u>11</u>	<u>3,934</u>
Total liabilities and fund balances	<u>\$ 673</u>	<u>\$ 3,397</u>	<u>\$ 23</u>	<u>\$ 178</u>	<u>\$ 12</u>	<u>\$ 4,094</u>

County of Placer, California

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006
(amounts expressed in thousands)**

<u>Open Space</u>	<u>County Library</u>	<u>Fire Control</u>	<u>Lighting Districts</u>	<u>County Service Areas</u>	<u>Redevelopment Agency Housing</u>	<u>IHSS Public Authority</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,829	\$ 1,299	\$ 2,433	\$ 661	\$ 13,486	\$ 2,877	\$ 13	\$ 28,276
-	-	-	-	5	-	-	481
-	-	-	-	152	-	-	152
-	-	-	-	-	268	-	3,277
-	-	-	-	-	9	-	9
-	16	61	229	11	-	562	975
-	21	-	-	3	-	5	147
<u>\$ 2,829</u>	<u>\$ 1,336</u>	<u>\$ 2,494</u>	<u>\$ 890</u>	<u>\$ 13,657</u>	<u>\$ 3,154</u>	<u>\$ 580</u>	<u>\$ 33,317</u>
\$ -	\$ 199	\$ 875	\$ 39	\$ 67	\$ 34	\$ 31	\$ 1,426
-	-	-	-	-	-	500	526
-	-	-	8	9	-	-	17
-	4	-	-	-	-	-	3,220
-	-	-	-	472	-	-	472
<u>-</u>	<u>203</u>	<u>875</u>	<u>47</u>	<u>548</u>	<u>34</u>	<u>531</u>	<u>5,661</u>
-	3	50	575	14	69	-	4,062
-	-	-	-	-	268	-	268
-	21	-	-	3	-	5	147
-	1	-	-	-	-	-	1
2,506	32	742	76	8,343	-	-	11,699
-	36	-	-	-	-	-	36
-	400	257	55	1,374	-	-	2,647
-	-	-	39	2,513	-	-	2,560
323	640	570	98	862	2,783	44	6,236
<u>2,829</u>	<u>1,133</u>	<u>1,619</u>	<u>843</u>	<u>13,109</u>	<u>3,120</u>	<u>49</u>	<u>27,656</u>
<u>\$ 2,829</u>	<u>\$ 1,336</u>	<u>\$ 2,494</u>	<u>\$ 890</u>	<u>\$ 13,657</u>	<u>\$ 3,154</u>	<u>\$ 580</u>	<u>\$ 33,317</u>

County of Placer, California

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	Community Services	Community Revitalization Fund	Special Aviation	Gold Country Tourism and Promotions	Fish and Game	Lake Tahoe Tourism and Promotions
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 235	\$ -	\$ 4,380
Fines, forfeitures and penalties	-	-	-	-	-	-
Use of money and property	17	49	1	8	1	76
Intergovernmental	1,534	848	10	-	-	-
Charges for services	10	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1,561</u>	<u>897</u>	<u>11</u>	<u>243</u>	<u>1</u>	<u>4,456</u>
Expenditures						
Current:						
General government	-	-	-	3	-	3,653
Public protection	-	-	-	-	8	-
Public assistance	1,620	1,134	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Public ways and facilities	-	-	4	-	-	-
Education	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	24	-	-	6	-
Total expenditures	<u>1,620</u>	<u>1,158</u>	<u>4</u>	<u>3</u>	<u>14</u>	<u>3,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59)</u>	<u>(261)</u>	<u>7</u>	<u>240</u>	<u>(13)</u>	<u>803</u>
Other Financing Sources (Uses)						
Transfers in	56	80	-	-	2	-
Transfers out	-	-	-	(205)	-	-
Total other financing sources	<u>56</u>	<u>80</u>	<u>-</u>	<u>(205)</u>	<u>2</u>	<u>-</u>
Net change in fund balances	(3)	(181)	7	35	(11)	803
Fund balances, beginning of year, as restated	461	531	16	143	22	3,131
Fund balances, end of year	<u>\$ 458</u>	<u>\$ 350</u>	<u>\$ 23</u>	<u>\$ 178</u>	<u>\$ 11</u>	<u>\$ 3,934</u>

County of Placer, California

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

<u>Open Space</u>	<u>County Library</u>	<u>Fire Control</u>	<u>Lighting Districts</u>	<u>County Service Areas</u>	<u>Redevelopment Agency Housing</u>	<u>IHSS Public Authority</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 3,505	\$ 997	\$ 12	\$ 1,390	\$ 1,544	\$ -	\$ 12,063
-	137	-	-	-	-	-	137
107	23	36	12	363	66	(4)	755
73	163	505	807	408	205	521	5,074
-	157	2,041	502	3,704	-	-	6,414
127	59	-	-	133	-	-	319
-	8	2	-	45	-	-	55
<u>307</u>	<u>4,052</u>	<u>3,581</u>	<u>1,333</u>	<u>6,043</u>	<u>1,815</u>	<u>517</u>	<u>24,817</u>
6	-	-	7	-	-	-	3,669
-	-	4,209	-	2,919	-	-	7,136
-	-	-	-	-	1,475	-	4,229
-	-	-	33	31	-	473	537
-	-	-	665	767	-	-	1,436
-	4,614	-	-	-	-	-	4,614
-	-	-	-	27	-	-	27
-	-	-	-	7	4	-	11
-	-	177	-	-	272	-	479
<u>6</u>	<u>4,614</u>	<u>4,386</u>	<u>705</u>	<u>3,751</u>	<u>1,751</u>	<u>473</u>	<u>22,138</u>
<u>301</u>	<u>(562)</u>	<u>(805)</u>	<u>628</u>	<u>2,292</u>	<u>64</u>	<u>44</u>	<u>2,679</u>
1,250	960	1,098	65	55	262	5	3,833
(1,651)	-	-	-	-	(80)	-	(1,936)
<u>(401)</u>	<u>960</u>	<u>1,098</u>	<u>65</u>	<u>55</u>	<u>182</u>	<u>5</u>	<u>1,897</u>
(100)	398	293	693	2,347	246	49	4,576
2,929	735	1,326	150	10,762	2,874	-	23,080
<u>\$ 2,829</u>	<u>\$ 1,133</u>	<u>\$ 1,619</u>	<u>\$ 843</u>	<u>\$ 13,109</u>	<u>\$ 3,120</u>	<u>\$ 49</u>	<u>\$ 27,656</u>



County of Placer, California

**Community Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Use of money and property	\$ 7	\$ 7	\$ 17	\$ 10
Intergovernmental	1,661	1,661	1,534	(127)
Charges for services	41	41	10	(31)
Total revenues	<u>1,709</u>	<u>1,709</u>	<u>1,561</u>	<u>(148)</u>
Expenditures				
Current:				
Public assistance:				
Housing assistance services	<u>1,709</u>	<u>1,709</u>	<u>1,620</u>	<u>89</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>(59)</u>
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3)</u>	<u>\$ (3)</u>
Fund balances, beginning of year			<u>461</u>	
Fund balances, end of year			<u>\$ 458</u>	

County of Placer, California

**Community Revitalization Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Use of money and property	\$ -	\$ -	\$ 49	\$ 49
Intergovernmental	2,901	2,901	848	(2,053)
Miscellaneous	721	721	-	(721)
Total revenues	<u>3,622</u>	<u>3,622</u>	<u>897</u>	<u>(2,725)</u>
Expenditures				
Current:				
Public assistance	4,153	4,128	1,134	2,994
Capital outlay	-	25	24	1
Total expenditures	<u>4,153</u>	<u>4,153</u>	<u>1,158</u>	<u>2,995</u>
Deficiency of revenues under expenditures	<u>(531)</u>	<u>(531)</u>	<u>(261)</u>	<u>270</u>
Other Financing Sources (Uses)				
Transfers in	50	50	80	30
Transfers out	<u>(50)</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
Net change in fund balance	<u>\$ (531)</u>	<u>\$ (531)</u>	<u>(181)</u>	<u>\$ 350</u>
Fund balances, beginning of year			<u>531</u>	
Fund balances, end of year			<u>\$ 350</u>	

County of Placer, California

**Special Aviation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Total revenues	<u>10</u>	<u>10</u>	<u>11</u>	<u>1</u>
 Expenditures				
Current:				
Public ways and facilities:				
Public transit	<u>13</u>	<u>13</u>	<u>4</u>	<u>9</u>
 Net change in fund balance	<u><u>\$ (3)</u></u>	<u><u>\$ (3)</u></u>	7	<u><u>\$ 10</u></u>
Fund balances, beginning of year			<u>16</u>	
Fund balances, end of year			<u><u>\$ 23</u></u>	

County of Placer, California

**Gold Country Tourism and Promotions Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 205	\$ 205	\$ 235	\$ 30
Use of money and property	4	4	8	4
Total revenues	<u>209</u>	<u>209</u>	<u>243</u>	<u>34</u>
Expenditures				
Current:				
General government:				
Gold country tourism and promotion	<u>114</u>	<u>114</u>	<u>3</u>	<u>111</u>
Excess of revenues over expenditures	<u>95</u>	<u>95</u>	<u>240</u>	<u>145</u>
Other Financing Sources (Uses)				
Transfers out	<u>(237)</u>	<u>(237)</u>	<u>(205)</u>	<u>32</u>
Net change in fund balance	<u>\$ (142)</u>	<u>\$ (142)</u>	35	<u>\$ 177</u>
Fund balances, beginning of year			<u>143</u>	
Fund balances, end of year			<u>\$ 178</u>	

County of Placer, California

**Fish and Game Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Fines, forfeitures and penalties	\$ 2	\$ 2	\$ -	\$ (2)
Use of money and property	1	1	1	-
Total revenues	<u>3</u>	<u>3</u>	<u>1</u>	<u>(2)</u>
Expenditures				
Current:				
Public protection:				
Fish and game	16	16	8	8
Capital outlay	<u>8</u>	<u>8</u>	<u>6</u>	<u>2</u>
Total expenditures	<u>24</u>	<u>24</u>	<u>14</u>	<u>10</u>
Deficiency of revenues under expenditures	<u>(21)</u>	<u>(21)</u>	<u>(13)</u>	<u>8</u>
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Net change in fund balance	<u>\$ (21)</u>	<u>\$ (21)</u>	<u>(11)</u>	<u>\$ 10</u>
Fund balances, beginning of year			<u>22</u>	
Fund balances, end of year			<u>\$ 11</u>	

County of Placer, California

**Lake Tahoe Tourism and Promotions Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 4,100	\$ 4,100	\$ 4,380	\$ 280
Use of money and property	-	-	76	76
Total revenues	<u>4,100</u>	<u>4,100</u>	<u>4,456</u>	<u>356</u>
 Expenditures				
Current:				
General government:				
Lake Tahoe tourism and promotions	<u>7,020</u>	<u>7,020</u>	<u>3,653</u>	<u>3,367</u>
 Net change in fund balance	<u>\$ (2,920)</u>	<u>\$ (2,920)</u>	803	<u>\$ 3,723</u>
Fund balances, beginning of year			<u>3,131</u>	
Fund balances, end of year			<u>\$ 3,934</u>	

County of Placer, California

**Open Space Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Use of money and property	\$ 30	\$ 30	\$ 107	\$ 77
Intergovernmental	83	408	73	(335)
Contributions and donations	50	50	127	77
Total revenues	<u>163</u>	<u>488</u>	<u>307</u>	<u>(181)</u>
Expenditures				
Current:				
General government:				
Open space	<u>90</u>	<u>435</u>	<u>6</u>	<u>429</u>
Excess of revenues over expenditures	<u>73</u>	<u>53</u>	<u>301</u>	<u>248</u>
Other Financing Sources (Uses)				
Transfers in	1,250	1,250	1,250	-
Transfers out	<u>(1,526)</u>	<u>(1,726)</u>	<u>(1,651)</u>	<u>75</u>
Total other financing sources (uses)	<u>(276)</u>	<u>(476)</u>	<u>(401)</u>	<u>75</u>
Net change in fund balance	<u>\$ (203)</u>	<u>\$ (423)</u>	<u>(100)</u>	<u>\$ 323</u>
Fund balances, beginning of year			<u>2,929</u>	
Fund balances, end of year			<u>\$ 2,829</u>	

County of Placer, California

**County Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,264	\$ 3,264	\$ 3,505	\$ 241
Fines, forfeitures and penalties	105	105	137	32
Use of money and property	19	19	23	4
Intergovernmental	164	164	163	(1)
Charges for services	110	110	157	47
Donations	-	-	59	59
Miscellaneous	45	45	8	(37)
Total revenues	<u>3,707</u>	<u>3,707</u>	<u>4,052</u>	<u>345</u>
Expenditures				
Current:				
General government:				
Education	<u>4,780</u>	<u>4,780</u>	<u>4,614</u>	<u>166</u>
Deficiency of revenues under expenditures	<u>(1,073)</u>	<u>(1,073)</u>	<u>(562)</u>	<u>511</u>
Other Financing Sources (Uses)				
Transfers in	<u>822</u>	<u>822</u>	<u>960</u>	<u>138</u>
Net change in fund balance	<u>\$ (251)</u>	<u>\$ (251)</u>	<u>398</u>	<u>\$ 649</u>
Fund balances, beginning of year			<u>735</u>	
Fund balances, end of year			<u>\$ 1,133</u>	

County of Placer, California

Fire Control Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 972	\$ 972	\$ 997	\$ 25
Use of money and property	15	15	36	21
Intergovernmental	380	546	505	(41)
Charges for services	1,817	2,236	2,041	(195)
Miscellaneous	-	-	2	2
Total revenues	<u>3,184</u>	<u>3,769</u>	<u>3,581</u>	<u>(188)</u>
Expenditures				
Current:				
Public protection:				
Fire protection	159	579	4,209	(3,630)
Capital outlay	<u>135</u>	<u>186</u>	<u>177</u>	<u>9</u>
Total expenditures	<u>294</u>	<u>765</u>	<u>4,386</u>	<u>(3,621)</u>
Deficiency of revenues under expenditures	<u>2,890</u>	<u>3,004</u>	<u>(805)</u>	<u>(3,809)</u>
Other Financing Sources (Uses)				
Transfers in	<u>985</u>	<u>985</u>	<u>1,098</u>	<u>113</u>
Net change in fund balance	<u>\$ 3,875</u>	<u>\$ 3,989</u>	<u>293</u>	<u>\$ (3,696)</u>
Fund balances, beginning of year			<u>1,326</u>	
Fund balances, end of year			<u>\$ 1,619</u>	

County of Placer, California

**Lighting Districts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 10	\$ 10	\$ 12	\$ 2
Use of money and property	2	2	12	10
Intergovernmental	750	750	807	57
Charges for services	493	493	502	9
Total revenues	<u>1,255</u>	<u>1,255</u>	<u>1,333</u>	<u>78</u>
Expenditures				
Current:				
General government	759	759	7	752
Health and sanitation	-	-	33	(33)
Public ways and facilities	542	542	665	(123)
Total expenditures	<u>1,301</u>	<u>1,301</u>	<u>705</u>	<u>596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46)</u>	<u>(46)</u>	<u>628</u>	<u>674</u>
Other Financing Sources (Uses)				
Transfers in	<u>65</u>	<u>65</u>	<u>65</u>	<u>-</u>
Net change in fund balance	<u>\$ 19</u>	<u>\$ 19</u>	<u>693</u>	<u>\$ 674</u>
Fund balances, beginning of year			<u>150</u>	
Fund balances, end of year			<u>\$ 843</u>	

County of Placer, California

**County Service Areas Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 685	\$ 1,452	\$ 1,390	\$ (62)
Use of money and property	226	232	363	131
Intergovernmental	27	493	408	(85)
Charges for services	3,626	3,838	3,704	(134)
Contributions and donations	-	-	133	133
Miscellaneous	7	12	45	33
Total revenues	<u>4,571</u>	<u>6,027</u>	<u>6,043</u>	<u>16</u>
Expenditures				
Current:				
General government	620	653	-	653
Public protection	4,488	5,944	2,919	3,025
Health and sanitation	105	105	31	74
Public ways and facilities	526	526	767	(241)
Debt service:				
Principal	127	127	27	100
Interest and fiscal charges	41	41	7	34
Total expenditures	<u>5,907</u>	<u>7,396</u>	<u>3,751</u>	<u>3,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,336)</u>	<u>(1,369)</u>	<u>2,292</u>	<u>3,661</u>
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	1,453	1,453	-	(1,453)
Transfers in	853	886	55	(831)
Total other financing sources (uses)	<u>2,306</u>	<u>2,339</u>	<u>55</u>	<u>(2,284)</u>
Net change in fund balance	<u>\$ 970</u>	<u>\$ 970</u>	<u>2,347</u>	<u>\$ 1,377</u>
Fund balances, beginning of year			<u>10,762</u>	
Fund balances, end of year			<u>\$ 13,109</u>	

County of Placer, California

**Redevelopment Agency Housing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,380	\$ 1,380	\$ 1,544	\$ 164
Use of money and property	24	24	66	42
Intergovernmental	9	9	205	196
Miscellaneous	391	391	-	(391)
Total revenues	<u>1,804</u>	<u>1,804</u>	<u>1,815</u>	<u>11</u>
Expenditures				
Current:				
Public assistance	4,357	4,357	1,202	3,155
Debt service:				
Interest and fiscal charges	-	-	4	(4)
Capital outlay	-	-	272	(272)
Total expenditures	<u>4,357</u>	<u>4,357</u>	<u>1,478</u>	<u>2,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,553)</u>	<u>(2,553)</u>	<u>337</u>	<u>2,890</u>
Other Financing Sources (Uses)				
Transfers in	919	919	262	(657)
Transfers out	-	-	(80)	(80)
Total other financing sources (uses)	<u>919</u>	<u>919</u>	<u>182</u>	<u>(737)</u>
Net change in fund balance	<u>\$ (1,634)</u>	<u>\$ (1,634)</u>	<u>519</u>	<u>\$ 2,153</u>
Fund balances, beginning of year, as restated			<u>2,874</u>	
Fund balances, end of year			<u>\$ 3,393</u>	

County of Placer, California

**IHSS Public Authority Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ -	\$ -	\$ (4)	\$ (4)
Intergovernmental	426	432	521	89
Total revenues	426	432	517	85
Expenditures				
Current:				
Health and sanitation	613	646	473	173
Excess (deficiency) of revenues over (under) expenditures	(187)	(214)	44	258
Other Financing Sources (Uses)				
Transfers in	187	214	5	(209)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	49	<u>\$ 49</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ 49</u>	

County of Placer, California

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006
(amounts expressed in thousands)**

	Redevelopment Agency Economic Development	Capital Projects Securitization	Park Dedication Fees	Total Nonmajor Capital Projects Funds
Assets				
Cash and investments	\$ 7,520	\$ 14,073	\$ 5,448	\$ 27,041
Receivables (net):				
Interest	-	158	-	158
Due from other funds	16	-	-	16
Due from other governments	34	-	-	34
Prepaid items	1	-	-	1
Total assets	\$ 7,571	\$ 14,231	\$ 5,448	\$ 27,250
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 137	\$ -	\$ -	\$ 137
Fund balances				
Reserved for:				
Encumbrances	244	1	-	245
Prepaid items	1	-	-	1
Unreserved, designated for:				
Capital asset acquisition and improvements	2,366	-	-	2,366
Compensated leave	14	-	-	14
Contingencies and economic uncertainties	1,982	-	-	1,982
Unreserved, undesignated	2,827	14,230	5,448	22,505
Total fund balances	7,434	14,231	5,448	27,113
Total liabilities and fund balances	\$ 7,571	\$ 14,231	\$ 5,448	\$ 27,250

County of Placer, California

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	Redevelopment Agency Economic Development	Capital Projects Securitization	Park Dedication Fees	Total Nonmajor Capital Projects Funds
Revenues				
Taxes	\$ 4,134	\$ -	\$ -	\$ 4,134
Use of money and property	184	-	127	311
Intergovernmental	131	-	-	131
Charges for services	-	-	2,050	2,050
Total revenues	<u>4,449</u>	<u>-</u>	<u>2,177</u>	<u>6,626</u>
Expenditures				
Current:				
Public protection	-	-	35	35
Public assistance	1,584	-	-	1,584
Recreation and cultural services	-	-	135	135
Debt service:				
Interest and fiscal charges	27	-	-	27
Capital outlay	<u>1,553</u>	<u>28,469</u>	<u>-</u>	<u>30,022</u>
Total expenditures	<u>3,164</u>	<u>28,469</u>	<u>170</u>	<u>31,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,285</u>	<u>(28,469)</u>	<u>2,007</u>	<u>(25,177)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	312	-	-	312
Transfers in	-	35,152	-	35,152
Transfers out	<u>-</u>	<u>-</u>	<u>(293)</u>	<u>(293)</u>
Total other financing sources	<u>312</u>	<u>35,152</u>	<u>(293)</u>	<u>35,171</u>
Net change in fund balances	1,597	6,683	1,714	9,994
Fund balances, beginning of year, as restated	<u>5,837</u>	<u>7,548</u>	<u>3,734</u>	<u>17,119</u>
Fund balances, end of year	<u>\$ 7,434</u>	<u>\$ 14,231</u>	<u>\$ 5,448</u>	<u>\$ 27,113</u>

County of Placer, California

**Capital Improvements Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Use of money and property	\$ 329	\$ 329	\$ 465	\$ 136
Intergovernmental	7,323	7,323	300	(7,023)
Charges for services	1,117	1,117	2,030	913
Donations	228	228	-	(228)
Miscellaneous	187	187	-	(187)
Total revenues	<u>9,184</u>	<u>9,184</u>	<u>2,795</u>	<u>(6,389)</u>
Expenditures				
Capital outlay	<u>74,155</u>	<u>75,906</u>	<u>13,350</u>	<u>62,556</u>
Deficiency of revenues under expenditures	<u>(64,971)</u>	<u>(66,722)</u>	<u>(10,555)</u>	<u>56,167</u>
Other Financing Sources (Uses)				
Transfers in	49,086	50,537	8,776	(41,761)
Transfers out	<u>(1,878)</u>	<u>(2,570)</u>	<u>(3,142)</u>	<u>(572)</u>
Total other financing sources (uses)	<u>47,208</u>	<u>47,967</u>	<u>5,634</u>	<u>(42,333)</u>
Net change in fund balance	<u>\$ (17,763)</u>	<u>\$ (18,755)</u>	<u>(4,921)</u>	<u>\$ 13,834</u>
Fund balances, beginning of year, as restated			<u>21,368</u>	
Fund balances, end of year			<u>\$ 16,447</u>	

County of Placer, California

**Redevelopment Agency Economic Development Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,937	\$ 3,937	\$ 4,134	\$ 197
Use of money and property	70	70	184	114
Intergovernmental	527	527	131	(396)
Total revenues	<u>4,534</u>	<u>4,534</u>	<u>4,449</u>	<u>(85)</u>
Expenditures				
Current:				
Public assistance	5,535	5,535	2,654	2,881
Debt service:				
Interest and fiscal charges	53	53	27	26
Capital outlay	990	990	568	422
Total expenditures	<u>6,578</u>	<u>6,578</u>	<u>3,249</u>	<u>3,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,044)</u>	<u>(2,044)</u>	<u>1,200</u>	<u>3,244</u>
Other Financing Uses				
Proceeds from issuance of long-term debt	<u>-</u>	<u>-</u>	<u>312</u>	<u>312</u>
Net change in fund balance	<u>\$ (2,044)</u>	<u>\$ (2,044)</u>	<u>1,512</u>	<u>\$ 3,556</u>
Fund balances, beginning of year, as restated			<u>5,837</u>	
Fund balances, end of year			<u>\$ 7,349</u>	

County of Placer, California

**Capital Projects Securitization Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures				
Capital outlay	<u>\$ 30,925</u>	<u>\$ 30,925</u>	<u>\$ 28,469</u>	<u>\$ 2,456</u>
Other Financing Sources (Uses)				
Transfers in	<u>23,377</u>	<u>23,377</u>	<u>35,152</u>	<u>11,775</u>
Net change in fund balance	<u>\$ (7,548)</u>	<u>\$ (7,548)</u>	<u>6,683</u>	<u>\$ 14,231</u>
Fund balances, beginning of year			<u>7,548</u>	
Fund balances, end of year			<u>\$ 14,231</u>	

County of Placer, California

**Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2006
(amounts expressed in thousands)**

	<u>Certificates of Participation</u>	<u>Placer County Public Finance Authority</u>	<u>Gold Country Settlement</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets				
Cash and investments	\$ 80	\$ -	\$ -	\$ 80
Restricted cash and investments	1,624	8	6,289	7,921
Receivables (net):				
Accounts	-	-	1,465	1,465
Total assets	<u>\$ 1,704</u>	<u>\$ 8</u>	<u>\$ 7,754</u>	<u>\$ 9,466</u>
 Fund Balances				
Fund balances				
Reserved for:				
Debt service	\$ 1,704	\$ -	\$ 7,754	\$ 9,458
Unreserved, undesignated	-	8	-	8
Total fund balances	<u>1,704</u>	<u>8</u>	<u>7,754</u>	<u>9,466</u>
Total liabilities and fund balances	<u>\$ 1,704</u>	<u>\$ 8</u>	<u>\$ 7,754</u>	<u>\$ 9,466</u>

County of Placer, California

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds**

**For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	Certificates of Participation	Placer County Public Finance Authority	Gold Country Settlement	Total Nonmajor Debt Service Funds
Revenues				
Use of money and property	\$ 103	\$ -	\$ 173	\$ 276
Tobacco settlement	-	-	2,481	2,481
Total revenues	103	-	2,654	2,757
Expenditures				
Current:				
General government	35	-	-	35
Debt service:				
Principal	775	-	275	1,050
Interest and fiscal charges	1,236	2	2,365	3,603
Bond issuance costs	-	315	1,561	1,876
Payment to refunded bond escrow agent	-	1,086	3	1,089
Total expenditures	2,046	1,403	4,204	7,653
Deficiency of revenues under expenditures	(1,943)	(1,403)	(1,550)	(4,896)
Other Financing Sources				
Proceeds from issuance of refunding debt	-	11,770	59,372	71,142
Premium (discount) on refunding debt	-	18	(1,459)	(1,441)
Payment to refunded bond escrow agent	-	(11,463)	(41,419)	(52,882)
Transfers in	1,917	1,086	-	3,003
Transfers out	(1,086)	-	(13,568)	(14,654)
Total other financing sources	831	1,411	2,926	5,168
Net change in fund balances	(1,112)	8	1,376	272
Fund balances, beginning of year, as restated	2,816	-	6,378	9,194
Fund balances, end of year	\$ 1,704	\$ 8	\$ 7,754	\$ 9,466

County of Placer, California

**Certificates of Participation Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 125	\$ 125	\$ 103	\$ (22)
Expenditures				
Current:				
General government	27	27	35	(8)
Debt service:				
Principal	795	795	775	20
Interest and fiscal charges	1,220	1,220	1,236	(16)
Total expenditures	2,042	2,042	2,046	(4)
Deficiency of revenues under expenditures	(1,917)	(1,917)	(1,943)	(26)
Other Financing Sources				
Transfers in	1,917	1,917	1,917	-
Transfers out	-	-	(1,086)	(1,086)
Total other financing sources	1,917	1,917	831	(1,086)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,112)	<u>\$ (1,112)</u>
Fund balances, beginning of year			2,816	
Fund balances, end of year			<u>\$ 1,704</u>	

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

Internal Service Funds

County Services Fund

This fund is used to account for the costs of providing services to County departments, including: telecommunications, countywide systems and technology projects, automotive fleet, reprographics, mail and records management services. Revenues are generated based on fees charged for services provided.

District Services Fund

This fund is used to account for the costs of providing services to County-governed utility districts, a county service area, and municipal advisory councils. Revenues are generated mainly through user charges and connection fees.

Self Insurance Fund

This fund is used to account for the costs of administering the County's risk management program, which includes: unemployment, general liability, workers compensation, dental and vision insurance. The primary source of revenues for the fund is premiums paid by other funds.

County of Placer, California

**Combining Statement of Net Assets
Internal Service Funds**

June 30, 2006

(amounts expressed in thousands)

	<u>County Services</u>	<u>District Services</u>	<u>Self Insurance</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 10,800	\$ 801	\$ 38,382	\$ 49,983
Receivables, (net):				
Accounts	54	12	-	66
Interest	-	-	434	434
Inventories	766	-	-	766
Prepaid items	9	-	-	9
Total current assets	<u>11,629</u>	<u>813</u>	<u>38,816</u>	<u>51,258</u>
Noncurrent assets:				
Advances to other funds	-	1,240	-	1,240
Capital assets:				
Land	-	-	20	20
Buildings and improvements	1,385	16	-	1,401
Equipment	17,326	2,752	-	20,078
Infrastructure	665	-	-	665
Construction in progress	344	-	-	344
Less accumulated depreciation	<u>(9,896)</u>	<u>(1,439)</u>	<u>-</u>	<u>(11,335)</u>
Total capital assets, net	<u>9,824</u>	<u>1,329</u>	<u>20</u>	<u>11,173</u>
Total noncurrent assets	<u>9,824</u>	<u>2,569</u>	<u>20</u>	<u>12,413</u>
Total assets	<u>21,453</u>	<u>3,382</u>	<u>38,836</u>	<u>63,671</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	1,205	270	356	1,831
Deposits from others	-	10	5	15
Compensated absences	103	82	15	200
Self insurance liability	-	-	6,246	6,246
Total current liabilities	<u>1,308</u>	<u>362</u>	<u>6,622</u>	<u>8,292</u>
Noncurrent liabilities:				
Compensated absences	259	207	39	505
Advances from other funds	-	1,157	-	1,157
Self insurance liability	-	-	17,452	17,452
Total noncurrent liabilities	<u>259</u>	<u>1,364</u>	<u>17,491</u>	<u>19,114</u>
Total liabilities	<u>1,567</u>	<u>1,726</u>	<u>24,113</u>	<u>27,406</u>
Net Assets				
Invested in capital assets	9,824	1,329	20	11,173
Unrestricted	10,062	327	14,703	25,092
Total net assets	<u>\$ 19,886</u>	<u>\$ 1,656</u>	<u>\$ 14,723</u>	<u>\$ 36,265</u>

County of Placer, California

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>County Services</u>	<u>District Services</u>	<u>Self Insurance</u>	<u>Total</u>
Operating Revenues				
Insurance charges	\$ -	\$ -	\$ 15,283	\$ 15,283
Automotive mileage	7,787	-	-	7,787
Telecommunication fees	4,298	-	-	4,298
Special district fees	3,913	5,180	-	9,093
Materials and supplies	213	-	-	213
Data processing maintenance service	1,585	-	-	1,585
Printing services	1,623	-	-	1,623
Mailing services	225	-	-	225
Miscellaneous	86	-	-	86
Total operating revenues	<u>19,730</u>	<u>5,180</u>	<u>15,283</u>	<u>40,193</u>
Operating Expenses				
Salaries and employee benefits	5,889	3,702	892	10,483
Service and supplies	10,937	1,456	3,773	16,166
Depreciation	1,718	166	-	1,884
Judgments and damages	-	-	5,262	5,262
Total operating expenses	<u>18,544</u>	<u>5,324</u>	<u>9,927</u>	<u>33,795</u>
Operating income (loss)	<u>1,186</u>	<u>(144)</u>	<u>5,356</u>	<u>6,398</u>
Nonoperating Revenues (Expenses)				
Investment earnings	291	20	916	1,227
Change in estimate - self insurance liability	-	-	3,577	3,577
Loss on disposal of capital assets	(159)	(13)	-	(172)
Total nonoperating revenues (expenses)	<u>132</u>	<u>7</u>	<u>4,493</u>	<u>4,632</u>
Income (loss) before capital contributions and transfers	<u>1,318</u>	<u>(137)</u>	<u>9,849</u>	<u>11,030</u>
Capital contributions	54	-	-	54
Transfers in	1,468	-	958	2,426
Transfers out	(300)	(17)	(100)	(417)
Change in net assets	<u>2,540</u>	<u>(154)</u>	<u>10,707</u>	<u>13,093</u>
Total net assets, beginning of year	<u>17,346</u>	<u>1,810</u>	<u>4,016</u>	<u>23,172</u>
Total net assets, end of year	<u>\$ 19,886</u>	<u>\$ 1,656</u>	<u>\$ 14,723</u>	<u>\$ 36,265</u>

County of Placer, California

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	County Services	District Services	Self Insurance	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 19,403	\$ 5,184	\$ 15,316	\$ 39,903
Payments to suppliers	(10,915)	(1,419)	(3,672)	(16,006)
Payments to employees	(5,812)	(3,636)	(881)	(10,329)
Payments of judgements and claims	-	-	(5,616)	(5,616)
Net cash provided by operating activities	<u>2,676</u>	<u>129</u>	<u>5,147</u>	<u>7,952</u>
Cash Flows from Noncapital Financing Activities				
Payments made on advances from other funds	-	(345)	-	(345)
Increase in advances from other funds	-	470	-	470
Decrease in advances to other funds	-	33	-	33
Payment on short term loan from other funds	(938)	-	-	(938)
Transfers in	1,468	-	958	2,426
Transfers out	(300)	(17)	(100)	(417)
Net cash provided by noncapital financing activities	<u>230</u>	<u>141</u>	<u>858</u>	<u>1,229</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	<u>(2,910)</u>	<u>(405)</u>	<u>-</u>	<u>(3,315)</u>
Cash Flows from Investing Activities				
Interest received	<u>291</u>	<u>20</u>	<u>482</u>	<u>793</u>
Net increase (decrease) in cash and cash equivalents	287	(115)	6,487	6,659
Cash and cash equivalents, beginning of year	10,513	916	31,895	43,324
Cash and cash equivalents, end of year	<u>\$ 10,800</u>	<u>\$ 801</u>	<u>\$ 38,382</u>	<u>\$ 49,983</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,186	\$ (144)	\$ 5,356	\$ 6,398
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,718	166	-	1,884
(Increase) decrease in accounts receivable	(23)	1	33	11
Decrease in inventories	(58)	-	-	(58)
(Increase) decrease in prepaid items	(4)	2	1	(1)
Increase in accounts payable and accrued liabilities	139	77	119	335
Increase in deposits from others	-	3	-	3
Increase (decrease) in compensated absences payable	22	24	(8)	38
Decrease in deferred revenue	(304)	-	-	(304)
Decrease in self-insurance liability	-	-	(354)	(354)
Total adjustments	<u>1,490</u>	<u>273</u>	<u>(209)</u>	<u>1,554</u>
Net cash provided by operating activities	<u>\$ 2,676</u>	<u>\$ 129</u>	<u>\$ 5,147</u>	<u>\$ 7,952</u>
Noncash financing and investing activities:				
Change in the fair value of investments	<u>\$ (77)</u>	<u>\$ (6)</u>	<u>\$ (278)</u>	<u>\$ (361)</u>

AGENCY FUNDS



Agency Funds

Unapportioned Collections

This fund accounts for property taxes receivable (secured and unsecured), court fines, amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.

1915 Act Bonds Fund

This fund accounts for the collection of property owners' debt service obligation which is used to pay principal and interest on 1915 Act Bonds.

Withholding Fund

This fund accounts for assets held by the County in a fiduciary capacity for payroll deductions and sales taxes to be remitted to the State.

1911 Act Bonds Fund

This fund accounts for the collection of property owners' debt service obligation which is used to pay principal and interest on 1911 Act Bonds.

Other Agency Funds

This fund accounts for assets which are held for other governmental agencies or individuals by the County in a fiduciary capacity.

County of Placer, California

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Unapportioned Collections				
Assets				
Cash and investments	\$ 5,520	\$ 1,599,397	\$ (1,600,226)	\$ 4,691
Receivables (net):				
Accounts	194	224	(299)	119
Taxes, net	22,661	648,763	(642,544)	28,880
Due from other governments	<u>365</u>	<u>1,295</u>	<u>(731)</u>	<u>929</u>
Total assets	<u><u>\$ 28,740</u></u>	<u><u>\$ 2,249,679</u></u>	<u><u>\$ (2,243,800)</u></u>	<u><u>\$ 34,619</u></u>
Liabilities				
Due to other funds	\$ -	\$ 6,505	\$ -	\$ 6,505
Agency obligations	<u>28,740</u>	<u>973,785</u>	<u>(974,411)</u>	<u>28,114</u>
Total liabilities	<u><u>\$ 28,740</u></u>	<u><u>\$ 980,290</u></u>	<u><u>\$ (974,411)</u></u>	<u><u>\$ 34,619</u></u>
1915 Act Bonds Fund				
Assets				
Cash and investments	\$ 3,680	\$ 5,004	\$ (4,914)	\$ 3,770
Special assessments receivable (net)	3,965	347	(452)	3,860
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 7,645</u></u>	<u><u>\$ 5,351</u></u>	<u><u>\$ (5,366)</u></u>	<u><u>\$ 7,630</u></u>
Liabilities				
Agency obligations	<u><u>\$ 7,645</u></u>	<u><u>\$ 4,534</u></u>	<u><u>\$ (4,549)</u></u>	<u><u>\$ 7,630</u></u>
Withholding Funds				
Assets				
Cash and investments	\$ 1,337	\$ 206,791	\$ (208,008)	\$ 120
Accounts receivable (net)	<u>1</u>	<u>15</u>	<u>(3)</u>	<u>13</u>
Total assets	<u><u>\$ 1,338</u></u>	<u><u>\$ 206,806</u></u>	<u><u>\$ (208,011)</u></u>	<u><u>\$ 133</u></u>
Liabilities				
Due to other funds	\$ -	\$ 133	\$ -	\$ 133
Agency obligations	<u>1,338</u>	<u>269,742</u>	<u>(271,080)</u>	<u>-</u>
Total liabilities	<u><u>\$ 1,338</u></u>	<u><u>\$ 269,875</u></u>	<u><u>\$ (271,080)</u></u>	<u><u>\$ 133</u></u>

County of Placer, California

Combining Statement of Changes in Assets and Liabilities (Continued)

Agency Funds

For the Fiscal Year Ended June 30, 2006

(amounts expressed in thousands)

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
1911 Act Bonds Fund				
Assets				
Cash and investments	\$ 6	\$ 118	\$ (118)	\$ 6
Liabilities				
Agency obligations	\$ 6	\$ 195	\$ (195)	\$ 6
Other Agency Funds				
Assets				
Cash and investments	\$ 10,443	\$ 19,342	\$ (19,215)	\$ 10,570
Accounts receivable (net)	-	61	(61)	-
Total assets	\$ 10,443	\$ 19,403	\$ (19,276)	\$ 10,570
Liabilities				
Agency obligations	\$ 10,443	\$ 19,890	\$ (19,763)	\$ 10,570
All Agency Funds				
Assets				
Cash and investments	\$ 20,986	\$ 1,830,713	\$ (1,832,542)	\$ 19,157
Receivables (net):				
Accounts	195	239	(302)	132
Taxes, net	22,661	648,763	(642,544)	28,880
Special assessments	3,965	347	(452)	3,860
Due from other governments	365	1,295	(731)	929
Total assets	\$ 48,172	\$ 2,481,357	\$ (2,476,571)	\$ 52,958
Liabilities				
Due to other funds	\$ -	\$ 6,638	\$ -	\$ 6,638
Agency obligations	48,172	1,268,146	(1,269,998)	46,320
Total liabilities	\$ 48,172	\$ 1,274,784	\$ (1,269,998)	\$ 52,958



STATISTICAL SECTION



STATISTICAL SECTION

COUNTY OF PLACER, CALIFORNIA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(amounts expressed in thousands)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 155,054	\$ 170,842	\$ 171,083	\$ 211,897	\$ 261,048
Restricted for:					
Debt service	2,761	2,823	6,455	9,194	9,458
Grantors	-	5,903	6,135	992	7,128
Donors	-	588	656	-	913
State mandate/enabling legislation	-	93,566	119,939	30,394	47,932
Perpetual care, nonexpendable	-	-	15	19	20
Other purposes	85,140	-	-	-	-
Unrestricted	<u>148,804</u>	<u>167,307</u>	<u>133,673</u>	<u>250,126</u>	<u>268,169</u>
Total net assets, governmental activities	<u>391,759</u>	<u>441,029</u>	<u>437,956</u>	<u>502,622</u>	<u>594,668</u>
Business-type Activities:					
Invested in capital assets, net of related debt	77,361	82,844	86,172	88,425	86,052
Unrestricted	<u>21,785</u>	<u>25,692</u>	<u>29,932</u>	<u>33,658</u>	<u>38,879</u>
Total net assets, business-type activities	<u>99,146</u>	<u>108,536</u>	<u>116,104</u>	<u>122,083</u>	<u>124,931</u>
Primary Government:					
Invested in capital assets, net of related debt	232,415	253,686	257,255	300,322	347,100
Restricted for:					
Debt service	2,761	2,823	6,455	9,194	9,458
Grantors	-	5,903	6,135	992	7,128
Donors	-	588	656	-	913
State mandate/enabling legislation	-	93,566	119,939	30,394	47,932
Perpetual care, nonexpendable	-	-	15	19	20
Other purposes	85,140	-	-	-	-
Unrestricted	<u>170,589</u>	<u>192,999</u>	<u>163,605</u>	<u>283,784</u>	<u>307,048</u>
Total net assets	<u>\$ 490,905</u>	<u>\$ 549,565</u>	<u>\$ 554,060</u>	<u>\$ 624,705</u>	<u>\$ 719,599</u>

Notes:

- (1) Trend data is only available for the last five fiscal years due to the implementation of GASB Statement No. 34.
- (2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF PLACER, CALIFORNIA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(amounts expressed in thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06
Expenses:					
Governmental activities:					
General government	\$ 53,088	\$ 51,166	\$ 52,503	\$ 60,941	\$ 54,708
Public protection	93,329	105,726	111,150	121,450	141,770
Public assistance	63,732	50,760	50,005	49,378	55,695
Health and sanitation	27,137	50,658	48,893	60,182	74,429
Public ways and facilities	27,490	29,316	40,083	35,566	33,021
Recreation and cultural services	436	496	595	409	3,661
Education	3,373	5,022	4,067	4,632	4,921
Interest on long-term debt	1,939	1,408	3,818	3,720	3,549
Total expenses - governmental activities	270,524	294,552	311,114	336,278	371,754
Business-type activities:					
Community health clinics	11,858	12,771	9,323	9,530	-
Property management	2,755	3,604	3,323	2,367	3,288
Food Services	337	321	-	-	-
Public transit	4,493	5,094	5,298	6,154	6,646
Waste disposal	11,868	12,021	10,589	13,042	13,638
Total expenses - business-type activities	31,311	33,811	28,533	31,093	23,572
Total expenses - primary government	301,835	328,363	339,647	367,371	395,326
Program Revenues:					
Governmental activities:					
Charges for services:					
General government	19,512	16,512	18,587	28,593	46,652
Public protection	16,895	15,880	19,108	24,457	22,405
Public assistance	122	107	564	304	116
Health and sanitation	3,055	3,829	4,715	3,805	5,307
Public ways and facilities	6,466	27,255	15,888	20,571	10,161
Recreation and cultural services	658	1,144	1,246	1,305	3,458
Education	228	249	226	268	298
Operating grants and contributions	141,971	160,836	158,683	174,839	181,186
Capital grants and contributions	18,542	5,801	5,411	19,414	6,915
Total program revenues - governmental activities	207,449	231,613	224,428	273,556	276,498
Business-type activities:					
Charges for services:					
Community health clinics	852	921	876	698	-
Property management	1,512	1,790	1,592	1,672	2,019
Food services	175	140	-	-	-
Public transit	1,990	1,578	655	733	770
Waste disposal	12,301	14,214	15,023	15,364	16,800
Operating grants and contributions	9,120	10,170	7,257	9,078	2,479
Capital grants and contributions	2,973	5,960	4,695	3,922	171
Total program revenues - business-type activities	28,923	34,773	30,098	31,467	22,239
Total program revenues - primary government	236,372	266,386	254,526	305,023	298,737
Net (Expenses)/Program Revenues:					
Governmental activities	(63,075)	(62,939)	(86,686)	(62,722)	(95,256)
Business-type activities	(2,388)	962	1,565	374	(1,333)
Total net expenses - primary government	(65,463)	(61,977)	(85,121)	(62,348)	(96,589)

COUNTY OF PLACER, CALIFORNIA
CHANGES IN NET ASSETS (CONTINUED)
LAST FIVE FISCAL YEARS
(amounts expressed in thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06
General Revenues and Other Changes in Net Assets:					
Governmental activities:					
Property taxes	66,060	77,075	86,312	89,912	131,931
Sales and use taxes	11,864	12,054	12,608	15,816	16,788
Transient occupancy tax	7,143	7,061	7,306	8,069	7,770
Real property transfer taxes	3,170	3,818	4,963	6,693	5,824
Other taxes	109	97	51	89	112
Grants and contributions not restricted to specific programs	16,050	4,222	1,283	458	2,660
Tobacco settlement	3,002	-	2,465	2,882	3,044
Unrestricted investment earnings	9,940	9,423	6,829	8,077	11,555
Miscellaneous	2,957	3,237	2,629	1,838	857
Special item	35,492	-	-	-	-
Transfers	(2,535)	(4,776)	(2,421)	(3,869)	284
Total governmental activities	153,252	112,211	122,025	129,965	180,825
Business-type activities:					
Property taxes	69	73	97	36	52
Sales and use taxes	2,957	2,713	2,811	2,506	3,410
Unrestricted investment earnings	1,231	864	674	799	1,095
Transfers	2,535	4,776	2,421	3,869	(284)
Total business-type activities	6,792	8,426	6,003	7,210	4,273
Total primary government	160,044	120,637	128,028	137,175	185,098
Changes in Net Assets					
Governmental activities	90,177	49,272	35,339	67,243	85,569
Business-type activities	4,404	9,388	7,568	7,584	2,940
Total primary government	<u>\$ 94,581</u>	<u>\$ 58,660</u>	<u>\$ 42,907</u>	<u>\$ 74,827</u>	<u>\$ 88,509</u>

Notes:

- (1) Trend data is only available for the last five fiscal years due to the implementation of GASB Statement No. 34.
- (2) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function is supported with its own fees and program specific grants versus its reliance upon funding from taxes.

COUNTY OF PLACER, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General Fund										
Reserved for:										
Encumbrances	\$ 6,098	\$ 4,877	\$ 2,806	\$ 3,092	\$ 4,858	\$ 3,016	\$ 2,836	\$ 3,316	\$ 5,118	\$ 6,042
Deposits with others	-	-	-	-	354	354	-	-	-	-
Inventories	-	-	-	-	69	62	59	58	60	78
Prepaid items	-	-	-	-	342	589	613	601	782	1,001
Advances to other funds	-	-	-	697	901	1,534	1,677	1,780	1,235	1,157
Imprest cash	-	-	-	-	-	7	7	8	7	12
Debt service	-	-	-	2,663	-	-	-	-	-	-
Other reserves	9,754	7,863	7,241	6,858	7,649	-	-	-	-	-
Unreserved, designated	-	-	-	-	-	8,978	4,283	4,397	4,511	78,747
Unreserved	18,286	24,556	36,637	43,520	59,283	83,559	78,451	82,001	94,955	47,064
Total general fund	34,138	37,296	46,684	56,830	73,456	98,099	87,926	92,161	106,668	134,101
All Other Governmental Funds										
Reserved for:										
Encumbrances	12,896	14,556	8,781	12,890	8,110	18,564	14,404	11,640	22,235	19,774
Deposits with others	-	-	-	-	25	-	0	3	98	-
Notes receivable	-	-	-	-	83	3,057	3,128	4,179	-	268
Inventories	-	-	-	-	267	360	318	374	351	447
Prepaid items	-	-	-	-	207	132	298	159	179	205
Advances to other funds	-	(181)	-	52	-	646	768	807	-	-
Imprest cash	-	-	-	-	-	3	4	4	4	4
Debt service	-	-	-	2,911	2,083	2,761	2,083	5,760	5,760	9,458
Endowment	-	-	-	-	-	-	-	-	-	15
Other reserves	9,364	1,357	1,653	1,758	966	-	-	-	-	-
Unreserved, designated	-	-	-	-	-	5,192	6,211	2,407	3,269	32,823
Unreserved, reported in:										
Special revenue funds	12,037	15,489	15,148	15,795	18,499	49,984	55,818	64,533	73,739	49,431
Capital projects funds	4,821	3,266	4,440	5,713	12,820	62,910	96,642	104,981	102,411	119,121
Debt service fund	-	-	-	-	618	-	741	3,443	3,434	8
Permanent fund	-	-	-	-	-	6	3	4	4	5
Total all other governmental funds	39,118	34,487	30,022	39,119	43,678	143,615	180,418	198,294	211,484	231,559
Total governmental funds	\$ 73,256	\$ 71,783	\$ 76,706	\$ 95,949	\$ 117,134	\$ 241,714	\$ 268,344	\$ 290,455	\$ 318,152	\$ 365,660

Note: The substantial increase or decrease in fund balance reserved, or unreserved is explained in Management's Discussion Analysis.

COUNTY OF PLACER, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Revenues										
Taxes	\$ 56,029	\$ 59,726	\$ 62,908	\$ 69,192	\$ 79,757	\$ 88,348	\$ 95,244	\$ 105,647	\$ 118,407	\$ 162,425
Licenses and permits	3,762	4,096	4,733	5,148	5,382	5,381	5,707	6,922	8,469	8,112
Fines, forfeitures and penalties	1,693	3,827	7,950	9,846	10,389	10,791	11,456	12,634	11,857	11,042
Use of money and property	2,837	3,380	3,975	5,095	6,738	8,672	8,512	6,134	7,475	10,428
Intergovernmental	99,726	105,457	114,351	122,973	135,119	156,706	159,855	154,468	188,685	183,632
Charges for services	20,863	17,984	18,949	22,482	27,036	31,532	52,652	46,253	59,157	64,963
Contributions and donations	-	-	-	-	-	3,659	5,337	662	364	1,022
Tobacco settlement	-	-	-	-	-	3,002	-	2,465	2,700	2,481
Miscellaneous	9,549	1,884	2,303	3,526	4,485	3,194	3,786	3,255	1,854	1,672
Total revenues	194,459	196,354	215,169	238,262	268,906	311,285	342,549	338,440	398,968	445,777
Expenditures										
Current:										
General government	34,597	37,262	45,234	41,042	47,707	47,352	48,428	54,578	55,713	54,552
Public protection	66,215	70,034	72,840	73,164	75,908	91,654	104,451	109,794	119,945	141,926
Public assistance	43,813	42,554	37,738	35,846	35,984	63,732	50,760	50,005	49,378	55,842
Health and sanitation	24,535	21,251	31,691	34,227	42,509	27,113	50,565	48,805	60,094	74,929
Public ways and facilities	19,136	24,150	13,769	9,495	19,169	16,417	18,102	19,390	27,268	29,121
Recreation and cultural services	1,671	1,879	1,971	2,253	2,372	368	431	576	338	3,638
Education	2,613	2,478	2,238	2,519	2,723	3,243	4,884	3,932	4,520	4,879
Debt service:										
Principal	981	80	690	712	788	791	1,096	1,964	2,820	1,372
Interest and fiscal charges	570	2,001	1,098	1,657	1,848	1,527	1,425	3,829	3,767	3,712
Bond issuance costs	-	-	-	-	-	-	-	-	-	1,876
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	1,089
Capital outlay	-	-	688	13,998	12,720	19,015	27,249	21,798	39,842	48,207
Total expenditures	194,131	201,689	207,957	214,913	241,728	271,212	307,391	314,671	363,685	421,143
Excess (deficiency) of revenues over (under) expenditures	328	(5,335)	7,212	23,349	27,178	40,073	35,158	23,769	35,283	24,634
Other Financing Sources (Uses)										
Capital lease financing	12,054	-	-	-	233	1,593	-	-	-	452
Proceeds from issuance of long-term debt	2,780	12,894	267	553	-	-	480	1,042	1,618	71,454
Discount on refunding debt issued	-	-	-	-	-	-	-	-	-	(1,441)
Payment to refunded bond escrow agent	-	(4,913)	-	-	-	-	-	-	-	(52,882)
Proceeds from advances from other funds	-	-	-	92	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	45	145	33	374	41	10	278	352
Transfers in	993	737	672	2,250	3,140	12,043	57,705	57,078	70,590	129,843
Transfers out	(1,443)	(4,360)	(3,652)	(4,949)	(6,624)	(14,236)	(66,754)	(62,672)	(75,892)	(131,381)
Total other financing sources (uses)	14,384	4,358	(2,668)	(1,909)	(3,218)	(226)	(8,528)	(4,542)	(3,406)	16,397
Special Item	-	-	-	-	-	35,492	-	-	-	-
Net change in fund balances	\$ 14,712	\$ (977)	\$ 4,544	\$ 21,440	\$ 23,960	\$ 75,339	\$ 26,630	\$ 19,227	\$ 31,877	\$ 41,031
Debt service as a percentage of noncapital expenditures:	0.80%	1.03%	0.86%	1.18%	1.15%	0.92%	0.90%	1.98%	2.03%	1.38%

COUNTY OF PLACER, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ending June 30,	Secured			Unsecured	Total	Less Exemptions	Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Total Secured					
1997	\$ 12,009,562	\$ 4,711,993	\$ 16,721,555	\$ 644,446	\$ 17,366,001	\$ 604,354	\$ 16,761,647	1.00%
1998	12,616,524	4,842,435	17,458,959	672,384	18,131,343	703,147	17,428,196	1.00%
1999	13,665,819	5,071,210	18,737,029	736,354	19,473,383	633,610	18,839,773	1.00%
2000	15,214,596	5,426,514	20,641,110	785,186	21,426,296	755,009	20,671,287	1.00%
2001	17,478,053	6,129,537	23,607,590	870,669	24,478,259	1,009,240	23,469,019	1.00%
2002	20,199,188	6,767,968	26,967,156	1,017,556	27,984,712	1,038,170	26,946,542	1.00%
2003	22,999,631	7,474,904	30,474,535	1,175,442	31,649,977	1,170,476	30,479,501	1.00%
2004	26,510,346	8,184,075	34,694,421	1,227,020	35,921,441	1,288,794	34,632,647	1.00%
2005	31,548,256	7,594,155	39,142,411	1,294,475	40,436,886	1,390,049	39,046,837	1.00%
2006	36,680,026	8,401,905	45,081,931	1,333,306	46,415,237	1,507,798	44,907,439	1.00%

Source:

Placer County Auditor-Controller's Office

Notes:

Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975/76 assessment roll. Thereafter, full cash value can be increased to reflect:

- a) annual inflation up to 2%; or
- b) market value at the time of ownership change; or
- c) market value for new construction

Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

COUNTY OF PLACER, CALIFORNIA
PROPERTY TAX RATES ⁽¹⁾
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

Fiscal Year Ending June 30,	County Direct Rate ⁽²⁾	Overlapping Rates			Total
		Special Districts	Schools	Cities	
1997	1.000000	0.163600	0.406800	0.029000	1.599400
1998	1.000000	0.163861	0.442733	0.027000	1.633594
1999	1.000000	0.128596	0.500225	0.025500	1.654321
2000	1.000000	0.137286	0.459497	0.024500	1.621283
2001	1.000000	0.110548	0.522589	0.022100	1.655237
2002	1.000000	0.097366	0.439195	0.022600	1.559161
2003	1.000000	0.067470	0.504483	0.020900	1.592853
2004	1.000000	0.077739	0.476932	0.018000	1.572671
2005	1.000000	0.043900	0.492342	0.016700	1.552942
2006	1.000000	0.036900	0.487436	0.016700	1.541036

Source:
Placer County Auditor-Controller's Office

Notes:

⁽¹⁾

On June 6, 1978, California voters approved a constitutional amendment, Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

⁽²⁾

Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

COUNTY OF PLACER, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
BY NET ASSESSED VALUE
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	Fiscal Year Ending June 30, 2006			Fiscal Year Ending June 30, 1997		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value
Pacific Gas and Electric Co.	\$ 360,396	1	0.81%	\$ 417,559	2	2.46%
Hewlett Packard Co.	345,197	2	0.78%	221,668	3	1.31%
NEC Electronics USA, Inc.	261,564	3	0.59%	682,243	1	4.03%
Roseville Shoppingtown LLC	205,539	4	0.46%	-	-	-
Surewest Telephone	115,758	5	0.26%	-	-	-
Sunset Ranchos Investors LLC	66,321	6	0.15%	-	-	-
NNN Parkway Corporate PL	64,923	7	0.15%	-	-	-
Squaw Valley Ski Corporation	63,657	8	0.14%	-	-	-
Donahoe Schriber Realty Group	62,150	9	0.14%	-	-	-
Squaw Creek Associates	59,290	10	0.13%	53,911	7	0.32%
Kaiser Foundation Hospitals	-	-	-	156,510	4	0.92%
Roseville Telephone Company	-	-	-	128,230	5	0.76%
Pacific Bell	-	-	-	118,740	6	0.70%
Del Webb California Corp.	-	-	-	42,575	8	0.25%
Albertsons Inc.	-	-	-	37,854	9	0.22%
Roseville Prop Inv Part Ltd.	-	-	-	35,319	10	0.21%
Ten Largest Taxpayers	1,604,795		3.61%	1,894,609		11.18%
All Other Taxpayers	42,784,403		96.39%	15,050,019		88.82%
Total	<u>\$ 44,389,198</u>		<u>100.00%</u>	<u>\$ 16,944,628</u>		<u>100.00%</u>

Source:
Placer County Assessor's Office

Notes:
(1) Taxable assessed value includes secured plus utility less exemptions

COUNTY OF PLACER, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ending June 30,	Tax Levies	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1997	\$160,059	\$ 155,856	97.37%	\$ 4,203	\$160,059	100.00%
1998	166,956	163,568	97.97%	3,383	166,951	100.00%
1999	180,544	177,158	98.12%	3,367	180,525	99.99%
2000	197,740	194,796	98.51%	2,907	197,703	99.98%
2001	225,588	222,178	98.49%	3,366	225,544	99.98%
2002	258,852	255,004	98.51%	3,720	258,724	99.95%
2003	293,011	289,142	98.68%	3,642	292,784	99.92%
2004	332,070	328,348	98.88%	3,279	331,627	99.87%
2005	370,122	366,021	98.89%	3,136	369,157	99.74%
2006	433,880	427,219	98.46%	-	427,219	98.46%

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita (in dollars) (2)
	Capital Leases	Bonds and Notes Payable	Loans Payable	Certificates of Participation	Bonds Payable	Sewer and Water Bonds Payable	Revenue Bonds Payable	Capital Leases				
1997	\$ 688	\$ 177	\$ -	\$ 19,510	\$ 2,178	\$ 69	\$ -	\$ -	\$ 22,622	\$ 6,797,591	0.33%	\$ 107
1998	452	166	-	28,200	1,739	65	-	3,965	34,587	7,551,358	0.46%	158
1999	204	147	-	27,900	1,294	62	-	5,020	34,627	8,346,248	0.41%	152
2000	495	122	-	27,475	884	57	3,535	1,203	33,771	9,153,080	0.37%	136
2001	565	-	-	26,850	-	51	3,305	1,075	31,846	9,815,673	0.32%	124
2002	2,012	-	-	26,205	-	46	3,065	937	32,265	10,209,270	0.32%	122
2003	2,081	-	-	25,520	-	41	2,815	791	31,248	10,946,842	0.29%	113
2004	1,792	-	41,082	24,805	-	35	2,555	635	70,904	11,933,069	0.59%	243
2005	1,063	-	41,354	24,060	-	29	2,285	468	69,259	-	-	227
2006	1,192	-	61,083	22,855	-	23	2,000	290	87,443	-	-	276

Sources:

(1) U.S. Department of Commerce - Bureau of Economic Analysis

(2) Population stats from the State Department of Finance

COUNTY OF PLACER, CALIFORNIA
RATIO OF GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	General Obligation Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Debt Outstanding	Less: Amounts Available in Debt Service Funds	Total		
1996-97	\$ 19,510	\$ -	\$ 19,510	0.12%	88
1997-98	28,200	1,196	27,004	0.15%	123
1998-99	27,900	2,654	25,246	0.13%	117
1999-00	27,475	2,662	24,813	0.12%	112
2000-01	26,850	2,700	24,150	0.10%	105
2001-02	26,205	2,684	23,521	0.09%	88
2002-03	25,520	2,680	22,840	0.07%	81
2003-04	24,805	2,676	22,129	0.06%	75
2004-05	24,060	2,698	21,362	0.05%	69
2005-06	22,855	1,632	21,223	0.05%	64

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) Assessed value has been used because the actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

COUNTY OF PLACER, CALIFORNIA
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2006
(amounts expressed in thousands)

2004-05 Assessed Valuation (includes unitary utility valuation): \$ 46,201,204
Less: Redevelopment Incremental Valuation: 1,898,587
Adjusted Assessed Valuation: \$ 44,302,617

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2006	% Applicable	District's Share of Debt 6/30/06
Los Rios Community College District	\$ 90,035	0.04%	\$ 37
Sierra Joint Community College District School Facilities Improvement District No. 1	20,000	62.36%	12,472
Rocklin Unified School District	89,221	100.00%	89,221
Other Unified School Districts	123,079	Various	74,966
Placer Union High School District	40,559	100.00%	40,559
Roseville Joint Union High School District	60,249	92.33%	55,626
Roseville City School District	39,203	100.00%	39,203
Other High School and School Districts	59,130	51.22%	30,289
Cities of Auburn and Colfax	1,203	100.00%	1,203
County Water Districts	669	100.00%	669
Nevada Irrigation District	3,710	30.01%	1,113
Community Facilities Districts	658,306	100.00%	658,306
1915 Act Bonds (Estimate)	70,027	100.00%	70,027
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			1,073,691
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Placer County General Fund Obligations	\$ \$ 22,855	100.00%	\$ 22,855
Placer County Office of Education Certificates of Participation	2,885	100.00%	2,885
Sierra and Yuba Joint Community College District Certificates of Participation	13,600	72.80% & .095%	7,792
Western Placer Unified School District Certificates of Participation	88,023	99.99%	88,018
Placer Union High School District Certificates of Participation	11,615	100.00%	11,615
Auburn Union School District Certificates of Participation	36,764	100.00%	36,764
Eureka Union School District Certificates of Participation	7,105	100.00%	7,105
Roseville City School District Certificates of Participation	18,825	100.00%	18,825
Other School District Certificates of Participation	103,418	Various	19,813
City of Roseville Certificates of Participation	24,735	100.00%	24,735
Other City General Fund Obligations	23,110	100.00%	23,110
Auburn Area Recreation and Park District Certificates of Participation	900	100.00%	900
Public Utility District Certificates of Participation	2,330	3.93%-78.50%	837
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			265,254
COMBINED TOTAL DEBT			\$ 1,338,945 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2005-06 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....2.32%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$22,855).....0.05%

Combined Total Debt.....3.02%

**COUNTY OF PLACER, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

Fiscal Year Ending June 30,	Total Assessed Valuation ⁽¹⁾	Legal Debt Limit ⁽²⁾	General Bonded Debt	Legal Debt Margin
1997	\$ 13,871,232	\$ 173,390	\$ 19,510	\$ 153,880
1998	14,647,806	183,098	27,004	156,094
1999	15,983,439	199,793	25,246	174,547
2000	22,241,789	278,022	24,813	253,209
2001	24,231,321	302,892	24,150	278,742
2002	28,766,455	359,581	23,521	336,060
2003	32,513,725	406,422	22,840	383,582
2004	36,658,205	458,228	22,129	436,099
2005	41,211,123	515,139	21,362	493,777
2006	47,195,980	589,950	21,223	568,727

Source:

Placer County Auditor-Controller's Office

Notes:

(1) Total assessed valuation includes exempt property.

(2) The legal debt limit is 1.25% of the total assessed valuation. Article XIII A of the California Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25% of the full cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Government Code Section 29909 became 1.25% of assessed value.

COUNTY OF PLACER, CALIFORNIA
Pledged Revenue Coverage
Last Eight Fiscal Years
(amounts expressed in thousands)

Fiscal Year	1976 Sewer and Water Bonds							1997 Integrated Waste Management Bonds - ERS LA						
	Teeter Apmts & Sanitation Services	Less: Operating Expenses	Net: Available Revenue	Debt Service			Coverage Ratio	Landfill Tipping Fees	Less: Operating Expenses	Net: Available Revenue	Debt Service			Coverage Ratio
				Principal	Interest						Principal	Interest		
1999	\$ 128	\$ 95	\$ 33	\$ 4	\$ 3		4.7	\$ 1,133	\$ 760	\$ 373	\$ 210	\$ 180		1.0
2000	148	175	(27)	5	3		(3.4)	1,250	647	603	220	172		1.5
2001	123	131	(8)	5	3		(1.0)	1,342	2,753	(1,411)	230	163		(3.6)
2002	134	189	(55)	5	3		(6.9)	1,420	1,689	(269)	240	153		(0.7)
2003	135	152	(17)	5	2		(2.4)	1,416	446	970	250	143		2.5
2004	140	269	(129)	6	2		(16.1)	1,655	993	662	260	133		1.7
2005	144	(24)	168	6	2		21.0	1,412	892	520	270	122		1.3
2006	146	317	(171)	6	1		(24.4)	1,816	570	1,246	285	110		3.2

Source:
Placer County Auditor Controller's Office

**COUNTY OF PLACER, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN YEARS
(amounts expressed in thousands)**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
1997	222	\$ 6,797,591	\$ 30,597	4.6%
1998	230	7,551,358	32,665	4.1%
1999	238	8,346,248	34,642	3.2%
2000	246	9,153,080	36,419	3.1%
2001	255	9,815,673	37,066	3.5%
2002	266	10,209,270	36,604	4.5%
2003	284	10,946,842	37,303	4.7%
2004	297	11,933,069	38,958	4.2%
2005	308	Data not available	Data not available	4.1%
2006	317	Data not available	Data not available	*4.1%

Sources:

(1) State Department of Finance

(2 & 3) U.S. Bureau of Economic Analysis - Local Data

(4) State of California , Employment Development Department

Notes:

* Unemployment rate as of June 2006

**COUNTY OF PLACER, CALIFORNIA
LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2006			1997		
Company or Organization	Number of Employees	Percent of Total Employment	Company or Organization	Number of Employees	Percent of Total Employment
Hewlett-Packard Co.	4,000	2.54%	Hewlett-Packard Co.	4,000	3.82%
Placer County	2,527	1.61%	Placer County	2,064	1.97%
Kaiser Permanente	1,980	1.26%	NEC Electronics America Inc.	2,050	1.96%
City of Roseville	1,288	0.82%	PRIDE Industries Inc.	1,839	1.76%
Raley's Inc.	1,251	0.80%	Union Pacific Railroad Co. Inc.	1,600	1.53%
Squaw Valley Ski Corp.	1,200	0.76%	Sutter Roseville Hospital	1,356	1.30%
Union Pacific Railroad Co. Inc.	1,100	0.70%	Sutter Auburn Faith Hospital	788	0.75%
Wal Mart-Stores Inc.	1,053	0.67%	City of Roseville	751	0.72%
PRIDE Industries Inc.	1,050	0.67%	Sierra College	733	0.70%
Sutter Health	985	0.63%	Kaiser Permanente	550	0.53%

Sources:

Sacramento Business Journal - March 2006

California Labor Market Information, Data Library - March 2006

Notes:

Ranked by number of employees in full-time equivalents as of March 2006

**COUNTY OF PLACER, CALIFORNIA
COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General government	408	430	455	484	496	525	547	572	578	585
Public protection	833	864	807	856	916	941	942	949	948	970
Public assistance	250	256	202	197	175	175	175	175	173	168
Health and sanitation	281	229	339	447	470	522	577	588	573	655
Public ways and facilities	143	144	142	144	145	133	136	128	128	128
Recreation and cultural services	25	25	34	34	35	35	36	40	40	40
Education	43	44	44	44	44	44	48	49	49	49
Community health clinics	-	73	75	81	88	91	92	93	89	-
Facilities	-	-	-	-	5	5	5	5	5	6
Food services	1	2	2	2	2	2	2	-	-	-
Public transit	28	28	34	35	37	41	41	43	43	43
Waste disposal	49	53	59	59	59	62	61	62	64	64
Total County Allocated										
Full Time Equivalents	<u>2,061</u>	<u>2,148</u>	<u>2,193</u>	<u>2,383</u>	<u>2,472</u>	<u>2,576</u>	<u>2,662</u>	<u>2,704</u>	<u>2,690</u>	<u>2,708</u>

Source:
County Final Budget

**COUNTY OF PLACER, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS**

Function	2002-03	2003-04	2004-05	2005-06
General government:				
Appraisals - Assessor	56,581	60,263	54,987	59,869
Supplemental assessments - Assessor	33,302	21,450	22,681	20,630
Property tax audits - Assessor	101	91	142	199
Percentage of tax defaulted properties resolved prior to sale - Tax Collector	72%	95%	65%	80%
Business licenses issued - Treasurer/Tax-Collector	6,444	7,431	7,883	8,372
Employees attending training - ODD	1,700	1,964	1,208	1,259
General liability claims processed - Risk Management	157	147	147	141
Number of registered voters - Elections	154,130	165,429	183,202	175,433
Public protection:				
Filed felonies - District Attorney	2,004	2,088	2,392	2,875
Filed misdemeanors - District Attorney	4,288	4,578	5,113	4,961
Arrests - Sheriff	3,214	3,048	3,500	4,074
Inmates booked - Sheriff	9,215	9,393	9,237	10,800
Cases supervised - Probation	3,345	3,398	2,859	2,966
Institutional care for minors - Probation (days)	21,716	17,602	17,949	18,612
Fire emergency responses	1,767	1,887	2,016	2,704
Building inspection requests	25,983	28,989	31,348	29,677
Recorded documents - Recorder	171,722	214,264	176,373	175,240
Public assistance:				
Monthly active cases	12,452	12,990	13,690	12,776
Health and sanitation:				
Adults accepted for mental health services	N/A	621	685	709
Primary-care visits at county clinics	15,620	15,879	17,391	18,418
Public ways and facilities:				
Overlay miles of road	8	11	13	10
Recreation and cultural services:				
Placer County museums visitors	31,000	28,534	28,888	30,725
Education:				
Items checked out per resident - Library	7	7	7	7
Facilities:				
Maintenance service requests received	5,253	4,581	4,842	5,151
Public transit:				
Motor bus passengers	546,303	559,447	569,174	663,711
Demand response vehicle passengers	29,285	26,497	29,236	25,008

Sources:

County Final Budget and State Controller's Transit Report

**COUNTY OF PLACER, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST FIVE FISCAL YEARS**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Function/Program					
General government					
Number of electronic voting machines	260	260	335	335	335
Open space (acres)	347	347	347	367	367
Open space trails (miles)	70	70	70	70	70
Public protection					
Fire stations	7	7	7	7	10
Fire trucks	20	20	20	22	32
Fire Tenders	4	4	4	4	7
Sheriff sub stations	4	4	4	4	4
Patrol units	57	57	62	63	64
Helicopters	2	2	2	2	1
Boats	3	3	3	3	4
Jail and detention facilities	2	2	2	2	2
Total capacity of main jail	354	354	366	366	452
Health and Public assistance					
Medical clinics	1	1	1	1	2
Psychiatric/Behavioral health clinics	1	1	1	1	1
Veterans buildings	6	6	6	6	6
Public ways and facilities					
Road lane miles	1,029	1,044	1,044	1,044	1,044
Bridges	116	116	116	116	117
Traffic signals	14	17	19	22	23
Recreation and cultural services					
Parks	33	35	37	38	39
Museums	6	6	6	6	6
Public transit					
Buses	31	31	29	29	27
CNG fueling facilities	1	1	2	2	2
Waste disposal					
Sanitary sewer miles	241	241	241	241	241

Source:
County's capital asset information system module.

